

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

BOND RESOLUTION

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PLEASANT HILL PUBLIC SERVICE DISTRICT

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

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS
AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, as amended (the "Act") and other applicable provisions of law.

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

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

B. The Issuer now has a public water system and desires to improve and expand that system and it is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, betterments and improvements to the existing public water system of the Issuer known as the "System" (sometimes referred to herein as the "System") so as to improve the public health, comfort and convenience of residents of the Public Service District, including the construction and installation of all necessary appurtenant facilities (the "Project"), and generally described as water line extensions, pumps, pumping stations, water plant improvements and necessary appurtenances particularly described in and

according to the plans and specifications prepared by the Consulting Engineer for the Project and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. It is necessary for the Issuer to issue its revenue bond in the aggregate principal amount of not more than \$350,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

D. The estimated maximum cost of the construction of the Project is \$750,000, which will be obtained from the proceeds of sale of the Series 2012 Bond herein authorized, and from a grant to be made by RUS, as hereinafter defined, in the amount of \$400,000. The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or any interest therein; interest on the Bond prior to, during and for six (6) months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

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

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

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

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

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

G. The Issuer is not in default under the terms of the 1989 Resolution, the 1994 Resolution and the 2004 Resolution or any document in connection therewith, and has complied

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

H. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the imposition of rates and charges, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order.

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

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

Section 1.03. Resolution to Constitute Contract. In consideration of the acceptance of the Bond by the Purchaser, this Resolution (the "Resolution") shall be deemed to be and shall constitute a contract between the Issuer and the Purchaser, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Bond.

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

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

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

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

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

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

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

“Chairman” means the Chairman of the Governing Body.

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

“Consulting Engineer” means Boyles & Hildreth, Spencer, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

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

“FDIC” means the Federal Deposit Insurance Corporation.

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

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

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

“Herein” means in this Resolution.

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

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

“Letter of Conditions” means the Letter of Conditions of the United States Department of Agriculture, dated April 15, 2009, and any other amendments thereto.

“Net Revenues” means the balance of the gross revenues, as defined below, remaining after deduction only of Operating Expenses, as defined below.

“Operating Expenses” means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting practices, and retention of a sum not to exceed one-sixth of the budgeted operating expenses stated above for the current year as working capital, and language herein requiring payment of operating expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the Reserve Fund and Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer or any department, board, agency or instrumentality

thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting principles.

“Secretary” means the Secretary of the Governing Body.

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of \$750,000 in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article V hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUANCE OF BOND

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

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

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

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

Section 3.04. Negotiability, Registration, Transfer and Exchange of Bond. The Bond shall be and have all the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, but the Bond may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.05 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar. No interest in the Bond shall be transferable except by means of transfer of registration of a Bond representing such interest and delivery of a new Bond or Bonds in exchange therefor in accordance with this Bond Resolution.

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

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

Section 3.05. Registrar. The Issuer shall be the Bond Registrar and will keep or cause to be kept by its agent at its office, sufficient books for the registration and transfer of the Bond, and upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may

prescribe, register the Bond initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or social security numbers of the settlor and beneficiaries of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law.

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

Section 3.07. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a parity lien with the 1989 Bond, the 1994 Bond and the 2004 Bond on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

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

(FORM OF BOND)

\$350,000

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

No. R-1

Date: June 28, 2012

FOR VALUE RECEIVED, the PLEASANT HILL PUBLIC SERVICE DISTRICT, a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Calhoun County, in Calhoun County, West Virginia (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000), plus interest on the unpaid principal balance at the rate of two and 00/100 percent (2.00%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$1,099.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

While this Bond is held by an insured lender, prepayments as above authorized made by Issuer may, at the option of the Government, be remitted by the Government to the holder

promptly or, except for final payment, be retained by the Government and remitted to the holder on either a calendar quarter basis or an annual installment due date basis. The effective date of every payment made by Issuer, except payments retained and remitted by the Government on an annual installment due date basis, shall be the date of the United States Treasury check by which the Government remits the payment to the holder. The effective date of any prepayment retained and remitted by the Government to the holder on an annual installment due date basis shall be the date of the prepayment by Issuer, and the Government will pay the interest to which the holder is entitled accruing between the effective date of any such prepayment and the date of the Treasury check to the holder.

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development Authority, acting on behalf of the Rural Utilities Service, and to its future regulations not inconsistent with the express provisions hereof.

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

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

IN WITNESS WHEREOF, the PLEASANT HILL PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PLEASANT HILL PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Chairman
122 Nobe Road
Five Forks, WV 26136

ATTEST:

By: _____
Secretary

RECORD OF ADVANCES

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

(Form of Assignment)

ASSIGNMENT

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

DATED: _____.

In the presence of:

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created or continued and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

- (1) Revenue Fund or System Revenue Fund;
- (2) Operation and Maintenance Fund; and
- (3) Construction Fund.

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

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

Section 4.03. System Revenues; Flow of Funds.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

F. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund shall at all times be secured, to the full extent thereof in excess of such insured

sum, by Qualified Investments as shall be eligible as security for deposits of state and municipal funds under the laws of the State.

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

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

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

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

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

ARTICLE V

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

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

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

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

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

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

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

- (1) a completed and signed "Payment Requisition Form," and
- (2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:
 - (A) That none of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;
 - (B) That each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;
 - (C) That each of such costs has been otherwise properly incurred; and
 - (D) That payment for each of the items proposed is then due and owing.

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

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

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

ARTICLE VI

GENERAL COVENANTS

Section 6.01. General Statement. So long as the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 6.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than one hundred ten percent (110%) percent of the annual debt service on the Bonds and to make the payments required herein into the Reserve Fund and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 6.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 6.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of the revenues of the System or any part thereof shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser or the then holder of or Trustee or agent for the holder of the Bond.

Section 6.05. Insurance and Bond. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than \$1,000,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others

which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than \$1,000,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than \$200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

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

(e) Fidelity Bonds will be provided as to every member of the Governing Body and every officer and employee of the PSD having custody of the Revenue Fund or of any revenues or other funds of the System in an amount at least equal to the total annual debt service requirements for all outstanding RUS loans.

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Bond is outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 6.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon delivery of the Bond.

Section 6.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment at the date specified for payment thereof; and/or

(B) Failure duly and punctually to observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Bond or herein, or violation of or failure to observe any provision of any pertinent law or of this or the other Bond Resolutions.

Section 6.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights and shall have all rights prescribed by the Act, W.Va. Code and other applicable law.

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

Section 6.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty (30) days prior to the beginning of each fiscal year, the Issuer agrees to adopt an Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such fiscal year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each fiscal year.

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

Section 6.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 6.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in

accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 6.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 6.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 6.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VII

RATES, RULES, COVENANTS, ETC.

Section 7.01. Initial Schedule of Rates and Charges.

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

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

APPLICABILITY

Applicable within the entire area served

AVAILABILITY OF SERVICE

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

RATES

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

MINIMUM CHARGE

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

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

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

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

RECONNECTION CHARGE

\$20.00

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

LEAK ADJSUT INCREMENT

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

RETURNED CHECK CHARGE

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

SECURITY DEPOSIT

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

Section 7.02. Further Covenants

The Issuer hereby further covenants and agrees as follows:

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

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

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

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

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

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Repayment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Resolution, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied. Except through such direct payment to the Holder of the Bond, the Issuer may not defease the Bond or otherwise provide for payment thereof by escrow or like manner.

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

Section 8.03. Delivery of Bond. The Chairman and Secretary of the Governing Body are hereby authorized and directed to cause the Series 2012 Bond, numbered R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 8.04. Severability of Invalid Provision. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bonds.

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

Section 8.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

Section 8.08. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken

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

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

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

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

PLEASANT HILL PUBLIC SERVICE DISTRICT

[SEAL]

By: Dale Cunningham
Chairman

Attest:

By: Terry Dye
Secretary

CERTIFICATION

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

WITNESS my signature on this 14th day of June, 2012.

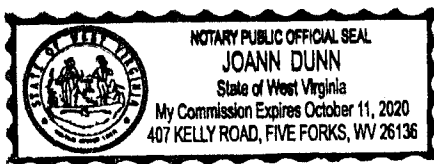
Terry Dye
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF CALHOUN, to-wit:

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

My commission expires Oct. 11, 2020.



Joann Dunn
NOTARY PUBLIC

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

SUPPLEMENTAL RESOLUTION

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

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

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

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

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

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

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

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

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

A. The Bond Reserve Accounts are held by the Commission.

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

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

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

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

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

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

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

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

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

Adopted this 14th day of June, 2012.

PLEASANT HILL PUBLIC SERVICE DISTRICT

By: Dale Cough
Chairman

ATTEST:

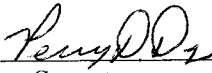
Kerry D. Dyer
Secretary

CERTIFICATION

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

Dated: June 28, 2012.

[SEAL]



Secretary

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

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

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

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

KNOWLEDGEABLE ISSUER CONTACT:

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

-----DEPOSITS TO MBC AT CLOSE:-----

By Wire Accrued Interest: \$ 0
 Check Capitalized Interest: \$ 0
 Other: Reserve Account: \$ 0
 Other: \$

-----REFUNDS & TRANSFERS BY MBC AT CLOSE:-----

By Wire To Escrow Trustee: \$ N/A
 Check To Issuer: \$ N/A
 IGT To Cons. Invest. Fund: \$ N/A
 Other: \$

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

Notes: _____

FOR MUNICIPAL BOND COMMISSION USE ONLY:

DOCUMENTS

REQUIRED: _____

TRANSFERS

REQUIRED: _____

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

No. R-1

Date: June 28, 2012

FOR VALUE RECEIVED, the PLEASANT HILL PUBLIC SERVICE DISTRICT, a public service district created, expanded and contracted pursuant to the Act by orders issued by The County Commission of Calhoun County, in Calhoun County, West Virginia (herein called "Issuer"), hereby promises to pay to the order of the United States of America (the "Government"), or its registered assigns at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of Three Hundred Fifty Thousand and 00/100 Dollars (\$350,000), plus interest on the unpaid principal balance at the rate of two and 00/1000 percent (2.00%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing on the 30th day following delivery of the Bond and continuing on the corresponding day of each month for the first twenty-four (24) months after the date hereof, and \$1,099.00 covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code (herein called the "Act").

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

This Bond is given as evidence of a loan to Issuer made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act, as amended. This Bond shall be subject to the present regulations of the Rural Development Authority, acting on behalf of the Rural Utilities Service, and to its future regulations not inconsistent with the express provisions hereof.

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

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

IN WITNESS WHEREOF, the PLEASANT HILL PUBLIC SERVICE DISTRICT has caused this Bond to be executed by its Chairman and its corporate seal to be hereunto affixed or imprinted hereon and attested by its Secretary, all as of the date hereinabove written.

PLEASANT HILL PUBLIC SERVICE DISTRICT

(SEAL)

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

ATTEST:

By: Robert B. [Signature]
Secretary

RECORD OF ADVANCES

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

TOTAL \$ _____

(Form of Assignment)

ASSIGNMENT

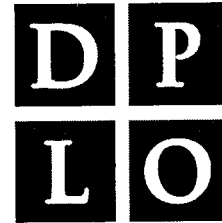
FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

DATED: _____.

In the presence of:

DREW PATTON

Law Office



210 Court Street
Spencer, WV 25276

Phone: (304) 927-1900

Fax: (304) 927-1919

drewpattonlawoffice@yahoo.com

June 28, 2012

United States of America

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

Pleasant Hill Public Service District

122 Nobe Road
Five Forks, WV 26136

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

Gentlemen:

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

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

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

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

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

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

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

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

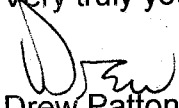
8. All authorizations, consents, approvals and reviews by governmental bodies or regulatory authorities then required for the District's adoption, execution or performance of the Bond and the Resolution have been obtained or affected, and I have no reason to believe that the District will be unable to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

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

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

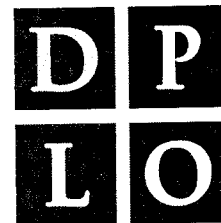
The foregoing opinion is qualified to the extent that the enforceability of the liens, pledges and terms set forth in the Bond and in the Bond Resolution may be limited by bankruptcy, insolvency and other laws affecting the rights of creditors generally.

Very truly yours,


Drew Patton

DREW PATTON

Law Office



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

June 28, 2012

Pleasant Hill Public Service District
Five Forks, West Virginia

United States Department of Agriculture
Rural Development
Morgantown, West Virginia

Goodwin & Goodwin, LLP
Charleston, West Virginia

Re: Final Title Opinion for Pleasant Hill Public Service District
Ladies and Gentlemen:

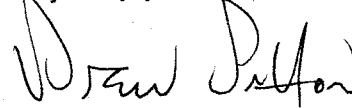
I am counsel to Pleasant Hill Public Service District (the "Issuer") in connection with a proposed project to construct certain improvements and extensions to the existing public water facilities of the Issuer (the "Project"). I provide this final title opinion on behalf of the Issuer to satisfy the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

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

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Drew Patton", written in a cursive style.

DREW PATTON



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

300 Summers Street
Suite 1500
Charleston, WV 25301-1678

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

June 28, 2012

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

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

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

Ladies and Gentlemen:

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

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

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

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

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

June 28, 2012

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

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

It is our opinion that:

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

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

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

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

June 28, 2012

Page 3

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Goodwin & Goodwin, LLP".

GOODWIN & GOODWIN, LLP