BOONE COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

DATE OF CLOSING: APRIL 16, 2008

BONDS TRANSCRIPT

STEPTOE & JOHNSON PLLC

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

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

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. Loan Agreement
4. Public Service Commission Orders
5. Infrastructure Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Bond

OPINIONS OF COUNSEL

9. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel
10. Opinion of Counsel to Issuer
11. Title Opinion

CERTIFICATES

12. General Certificate of Issuer and Attorney
13. Certificate of Engineer with Schedule B Attached
14. Certificate of Certified Public Accountant

15. Certificate as to Use of Proceeds

DOCUMENTS OF THE ISSUER

16. County Commission Orders Creating & Expanding District

17. County Commission Orders Appointing Current Boardmembers

18. Oaths of Office of Current Boardmembers

19. Rules of Procedure

20. Minutes of Current Year Organizational Meeting

21. Excerpt of Minutes on Adoption of Bond Resolution, Supplemental Resolution and First Draw Resolution

22. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

23. Acceptance of Appointment as Depository Bank

24. Acceptance of Duties as Registrar

25. Certificate of Registration of Bonds

26. Registrar's Agreement

27. Prior Bond Resolution and Supplemental Resolution

28. Consent of West Virginia Water Development Authority

29. Evidence of Insurance

30. Evidence of U.S. Army Corps of Engineers grant

31 Evidence of Appalachian Regional Commission grant

32. Evidence of Small Cities Block Grant

33. West Virginia Infrastructure and Jobs Development Council Grant Agreement

34. Evidence of Boone County Commission Grant

35. Bureau for Public Health Permit and NPDES Permit

36. Receipt and Release of Step Loans

37. Closing Memorandum

04.02.08
091620.00001

BOONE COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01	Authority for this Resolution
Section 1.02	Findings
Section 1.03	Bond Legislation Constitutes Contract
Section 1.04	Definitions

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND PAYING OF THE STEP LOANS

Section 2.01	Authorization of Acquisition and Construction of the Project
Section 2.02	Authorization of Paying of Step Loans

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

Section 3.01	Authorization of Bonds
Section 3.02	Terms of Bonds
Section 3.03	Execution of Bonds
Section 3.04	Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds not to be Indebtedness of the Issuer
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds
Section 3.09	Delivery of Bonds
Section 3.10	Form of Bonds
	FORM OF SERIES 2008 A BOND

Section 3.11 Sale of Bonds; Approval and Ratification of Execution of Loan Agreement
Section 3.12 Filing of "Amended Schedule"

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01 Establishment of Funds and Accounts with Depository Bank
Section 5.02 Establishment of Funds and Accounts with Commission
Section 5.03 System Revenues; Flow of Funds

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01 Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02 Disbursements From the Bond Construction Trust Fund

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01 General Covenants of the Issuer
Section 7.02 Bonds not to be Indebtedness of the Issuer
Section 7.03 Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds
Section 7.04 Initial Schedule of Rates and Charges
Section 7.05 Sale of the System
Section 7.06 Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07 Parity Bonds
Section 7.08 Books; Records and Audit
Section 7.09 Rates
Section 7.10 Operating Budget and Monthly Financial Report
Section 7.11 Engineering Services and Operating Personnel
Section 7.12 No Competing Franchise
Section 7.13 Enforcement of Collections
Section 7.14 No Free Services
Section 7.15 Insurance and Construction Bonds
Section 7.16 Mandatory Connections
Section 7.17 Completion and Operation of Project; Permits and Orders

Section 7.18 Reserved
Section 7.19 Statutory Mortgage Lien
Section 7.20 Compliance with Loan Agreement and Law
Section 7.21 Securities Laws Compliance
Section 7.22 Contracts; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01 Investments
Section 8.02 Certificate as to Use of Proceeds; Covenants as to Use of Proceeds

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01 Events of Default
Section 9.02 Remedies
Section 9.03 Appointment of Receiver

ARTICLE X
PAYMENT OF BONDS

Section 10.01 Payment of Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01 Amendment or Modification of Bond Legislation
Section 11.02 Bond Legislation Constitutes Contract
Section 11.03 Severability of Invalid Provisions
Section 11.04 Headings, Etc.
Section 11.05 Notices
Section 11.06 Conflicting Provisions Repealed; Prior Resolutions
Section 11.07 Covenant of Due Procedure, Etc.
Section 11.08 Effective Date
SIGNATURES
CERTIFICATION
EXHIBIT A

BOONE COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BOONE COUNTY PUBLIC SERVICE DISTRICT, PAYING THE STEP LOANS, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF BOONE COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Boone County Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Boone County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of construction of a wastewater treatment plant and collection system to serve existing customers and new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance a portion of the costs of acquisition and construction of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), in connection with the West Virginia Infrastructure Fund which the Authority administers pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in a single series initially planned to be Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in the total aggregate principal amount of not more than $1,200,000 (the "Series 2008 A Bonds") to (i) permanently finance a portion of the costs of acquisition and construction of the Project; (ii) pay the Step Loans as hereinafter defined; (iii) funding the Series 2008 A Bonds Reserve Account; and (iv) paying certain costs of issuance. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2008 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding six (6) months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2008 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition and construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that the Series 2008 A Bonds be sold to the Authority pursuant to the terms and provisions of the Loan Agreement (hereinafter defined), by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the parties thereunder, approved hereby if not previously approved by resolution of the Issuer.

G. The Issuer has outstanding its Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated July 30, 1993, issued in the original aggregate principal amount of $4,384,319 (the "Series 1993 A Bonds" or the "Prior Bonds").

The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest, if any, on the Series 2008 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition and construction of the Project and operation of the System and issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2008 A Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council (the

"Council") pursuant to Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2008 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2008 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds from the Authority.

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

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

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

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

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency, board or department of the State that succeeds to the functions of the Council.

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

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

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

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

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

"Grants" means all monies received by the Issuer on account of any Grant for the Project, if any.

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

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

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

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

"Loan Agreement" means collectively, the loan agreement heretofore entered into, or to be entered into, by and between the Issuer and the Authority on behalf of the Council, providing for the purchase of the Series 2008 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2008 A Bonds Reserve Account.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other

than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2008 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Series 1993 A Bonds.

"Prior Resolution" means the resolution adopted by the Issuer authorizing issuance of the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund previously established by the Prior Resolution and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2008 A Bonds and the Prior Bonds.

"Revenue Fund" means the Revenue Fund previously established by the Prior Resolution and continued hereby.

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

"Series 1993 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated July 30, 1993, issued in the original aggregate principal amount of $4,384,319.

"Series 2008 A Bonds" means the Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2008 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2008 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Step Loans" means collectively (i) the loan by and between the Authority and the Van Public Service District, formerly South Boone Public Service District, dated June 22, 1977, issued in the original aggregate principal amount of $6,250; (ii) the loan by and between the Authority and Coal River Public Service District dated May 12, 1982, issued in the original aggregate principal amount of $20,000; and (iii) the loan by and between the Authority and the Spruce Fork Public Service District, formerly South Boone Public Service District, dated June 3, 1977, issued in the original aggregate principal amount of $6,250

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2008 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, as presently existing in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for the System from any sources whatsoever.

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

Additional terms and phrases are defined in this Resolution as they are used. Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND PAYING OF THE STEP LOANS

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $7,190,209, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, hereto filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The total cost of the Project is estimated not to exceed $7,190,209, of which an amount not to exceed $1,200,000 will be obtained from proceeds of the Series 2008 A Bonds, $306,457 will be obtained from a grant from the Council, $833,752 will be obtained from an Appalachian Regional Commission grant, $2,250,000 will be obtained from a U.S. Corps of Engineers grant, $1,500,000 will be obtained from a Small Cities Block Grant; and $1,100,000 will be obtained as a grant from The County Commission of Boone County.

Section 2.02 Authorization of Paying of Step Loans. There is hereby authorized the payment in full of the entire principal balances of and administrative fees on the Step Loans on the Closing Date. The cost of paying the Step Loans will be paid from the proceeds of the Series 2008 A Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2008 A Bonds, funding a reserve account for the Series 2008 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2008 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,200,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after funding of the Reserve Account (if funded from Bond proceeds); capitalizing interest, if any, and paying the Step Loans shall be deposited in or credited to the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2008 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2008 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds. The Series 2008 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2008 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2008 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2008 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2008 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2008 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly

authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2008 A Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net

Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2008 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008 A Bonds to the original purchasers;

C. An executed and certified copy of the Bond Legislation;

D. Executed copies of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2008 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

This _____ day of _____, 2008, KNOW ALL MEN BY THESE PRESENTS: That BOONE COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Boone County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20____, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the Council, dated _____, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) paying the Step Loans; (iii) fully fund the series 2008 A Bonds Reserve Account; and (iv) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the

Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), FORMERLY DANVILLE PUBLIC SERVICE DISTRICT DATED JULY 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,384,319 (THE "SERIES 1993 A BONDS" OR THE "PRIOR BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act, and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms

of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, BOONE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2008 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached hereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Resolution and continued hereby);

(2) Renewal and Replacement Fund (established by the Prior Resolution and continued hereby); and

(3) Series 2008 A Bonds Construction Trust Fund.

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

(1) Series 1993 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(2) Series 1993 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(3) Series 2008 A Bonds Sinking Fund;

(4) Series 2008 A Bonds Reserve Account;

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All monies at any time on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, the amounts required by the Prior Resolution to pay interest on the Prior Bonds.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and, simultaneously, remit to the Commission, (i) the amounts required by the Prior Resolutions to pay principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, (i) for deposit in the Reserve Account for the Prior Bonds, the amounts required by the Prior Resolution; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund an amount equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any

Reserve Accounts. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds, as the same shall become due. Monies in the Series 2008 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds, as the same shall come due, when other monies in the Series 2008 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund, and Series 2008 A Bonds 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 Series 2008 A Bonds Construction Trust Fund, and following completion of the construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2008 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance of the Series 2008 A Bonds Reserve Account to below the Series 2008 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 A 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 reserve account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund or Series 2008 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2008 A Bonds and the Prior Bonds, all in accordance with the respective principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds under the conditions and restrictions herein set forth.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2008 A 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. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2008 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2008 A Bonds Reserve Account.

C. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Authority payment of the Step Loans.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2008 A Bonds shall be applied as approved by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. A. On or before the Closing Date, the Issuer shall have delivered to the Council and the Authority a report listing the specific purposes for which the proceeds of the Series 2008 A Bonds will be expended and the disbursement procedures for such proceeds, including, if applicable, an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2008 A Bond Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the Council, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement, in compliance with the construction schedule, and

(2) a certificate, signed by an Authorized Officer stating that:

(A) None of the items for which the payment is proposed to be made has formed the basis for any disbursement theretofore made;

(B) 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) Each of such costs has been otherwise properly incurred; and

(D) Payment for each of the items proposed is due and owing.

B. Pending such application, monies in the Series 2008 A Bond Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2008 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer, if applicable.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2008 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2008 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2008 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2008 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2008 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered January 16, 2006 in Case No. 05-1420-PSD-CN, and such rates are hereby adopted which rates are incorporated herein by reference.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2008 A Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2008 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008 A Bonds, immediately be remitted to the Commission for deposit in the Series 2008 A Bonds Sinking Fund, and, with the written permission of the Council and the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2008 A Bonds. Any balance remaining after the payment of the Series 2008 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,0000, the Issuer shall, by resolution duly adopted determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize

such sale, lease or other disposition of such property upon public bidding. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2008 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Council and the Authority under the conditions and in the manner herein provided (unless less restrictive then the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 A Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

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

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and

security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. Bonds issued on a parity, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond of one series over any other Bond of the same series. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2008 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008 A Bonds.

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

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

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a

Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Authority and the Council, or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2008 A Bonds, and shall submit said report to the Authority and the Council, or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement, the Act and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in

accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

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

The Issuer shall provide the Council with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Loan Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2008 A Bonds equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2008 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2008 A Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2008 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 2008 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

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

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

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

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

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

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

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2008 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and no less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will

be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

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

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service

Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2008 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion to such effect.

Section 7.18. Reserved

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2008 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21. Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22. Contracts; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2008 A Bonds held in "contingency" as set forth in the Schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2008 A Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 A Bonds as a condition to issuance of the Series 2008 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2008 A Bonds as may be necessary in order to maintain the status of the Series 2008 A Bonds as governmental bonds; (ii) that

it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2008 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2008 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2008 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2008 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 2008 A Bonds shall be on a parity with the Holders of the Prior Bonds.

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holders of the Series 2008 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2008 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2008 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2008 A Bonds.

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

Section 11.05. Notices. All notices to be sent to the Issuer, the Authority or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Boone County Public Service District
P.O. Box 287
Danville, West Virginia 25503
Attention: Chairman

AUTHORITY:

Water Development Authority
180 Association Drive
Charleston, West Virginia 25311-1571
Attention: Director

Council:

West Virginia Infrastructure and Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301
Attention: Executive Director

All notices to be sent to the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control, unless less restrictive, so long as the Prior Bonds are outstanding.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

[Remainder of Page Intentionally Blank]

Adopted this 14th day of April, 2008.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of BOONE COUNTY PUBLIC SERVICE DISTRICT on the 14th day of April, 2008.

Dated: April 16, 2008.

[SEAL]

Secretary

03.20.08
091620.00001

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3 and 4.

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) OF BOONE COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Boone County Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective April 14, 2008 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BOONE COUNTY PUBLIC SERVICE DISTRICT, PAYING THE STEP LOANS, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE

OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Resolution provides for the issuance of the Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (the "Series 2008 A Bonds"), of the Issuer, in the aggregate principal amount not to exceed $1,200,000,(the "Bonds" or the "Series 2008 A Bonds") and has authorized the execution and delivery of (i) loan agreements relating to the Series 2008 A Bonds, including all schedules and exhibits attached thereto (collectively, the "Loan Agreement"), by and between the Issuer and the Authority on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale price and other terms of the Series 2008 A Bonds should be established by a supplemental resolution pertaining to the Series 2008 A Bonds; and that other matters relating to the Series 2008 A Bonds be herein provided for;

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

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provisions, the interest rate, the interest and principal payment dates and the sale price of the Series 2008 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2008 A Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF BOONE COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer: Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,200,000. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2048, and shall bear no interest. The principal of the Series 2008 A Bonds shall be payable quarterly, on March 1, June 1,

September 1 and December 1 of each year, commencing December 1, 2009, to and including March 1, 2048, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2008 A Bonds. The Series 2008 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 2008 A Bonds.

Section 2. All other provisions relating to the Series 2008 A Bonds and the text of the Series 2008 A Bonds shall be in substantially the forms as provided in the Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council. The price of the Series 2008 A Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2008 A Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2008 A Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2008 A Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Commission"), to serve as Paying Agent for the Series 2008 A Bonds under the Resolution.

Section 6. The Issuer does hereby appoint and designate Boone County Bank, Madison, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. Bond proceeds in the amount of $32,825 shall be deposited with the West Virginia Water Development Authority to pay the entire principal balances and administrative fees on the Step Loans.

Section 8. Series 2008 A Bonds proceeds in the amount of $0.00 shall be deposited in the Series 2008 A Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2008 A Bonds proceeds in the amount of $31,172 shall be deposited in the Series 2008 A Bonds Reserve Account.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2008 A Bonds to be issued hereby and by the Resolution approved and provided for, to the end that the Series 2008 A Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about April 16, 2008.

Section 11. The payment of the Step Loans, the design, acquisition and construction of the Project, and the financing thereof with proceeds of the Series 2008 A Bonds are in the public

interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Sinking Fund and Reserve Account for the Series 2008 A Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 13. The Issuer shall not permit at any time or times any of the proceeds of the Series 2008 A Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2008 A Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2008 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

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

Section 15. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 14th day of April, 2008.

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of BOONE COUNTY PUBLIC SERVICE DISTRICT on the 14th day of April, 2008.

Dated: April 16, 2008.

[SEAL]

Secretary

03.21.08
091620.00001

IC-1
(11/01/04)

LOAN AGREEMENT

THIS LOAN AGREEMENT, made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council"), and the governmental agency designated below (the "Governmental Agency").

BOONE COUNTY PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 31, Article 15A of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered upon request of the Council to make loans to governmental agencies for the acquisition or construction of projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

WHEREAS, the Governmental Agency constitutes a governmental agency as defined by the Act;

WHEREAS, the Governmental Agency is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a project, as defined by the Act, and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Governmental Agency;

WHEREAS, the Governmental Agency intends to construct, is constructing or has constructed such a project at the location and as more particularly described and set forth in the Application, as hereinafter defined (the "Project");

WHEREAS, the Governmental Agency has completed and filed with the Authority an Application for a Construction Loan with attachments and exhibits and an Amended Application for a Construction Loan also with attachments and exhibits (together,

as further revised and supplemented, the "Application"), which Application is incorporated herein by this reference; and

WHEREAS, having reviewed the Application and made all findings required by the Act and having available sufficient funds therefor, the Council has authorized the Authority to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Infrastructure Fund, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Council's loan program (the "Program") as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Governmental Agency and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "Council," "governmental agency," "project," "waste water facility" and "water facility" have the definitions and meanings ascribed to them in the Act.

1.2 "Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Bonds, acting in its administrative capacity pursuant to Section 10 of the Act and upon authorization from the Council.

1.3 "Consulting Engineers" means the professional engineer, licensed by the State, designated in the Application and any qualified successor thereto; provided, however, when a Loan is made for a Project financed, in part, by the Office of Abandoned Mine Lands, "Consulting Engineers" shall mean the West Virginia Department of Environmental Protection, or any successor thereto.

1.4 "Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Section 9 of the Act.

1.5 "Loan" means the loan to be made by the Authority to the Governmental Agency through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.6 "Local Act" means the official action of the Governmental Agency required by Section 4.1 hereof, authorizing the Local Bonds.

1.7 "Local Bonds" means the revenue bonds to be issued by the Governmental Agency pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority, all in accordance with the provisions of this Loan Agreement.

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

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

1.10 "Project" means the project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds.

1.11 "System" means the project owned by the Governmental Agency, of which the Project constitutes all or to which the Project constitutes an improvement, and any improvements thereto hereafter constructed or acquired from any sources whatsoever.

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

2.8 The Governmental Agency shall require that each of its contractors and all subcontractors maintain, during the life of the construction contract, workers' compensation coverage, public liability insurance, property damage insurance and vehicle liability insurance in amounts and on terms satisfactory to the Council and the Authority and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Governmental Agency, the Governmental Agency or (at the option of the Governmental Agency) the contractor shall maintain builder's risk insurance (fire and extended coverage) on a one hundred percent (100%) basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Governmental Agency, the prime

contractor and all subcontractors, as their interests may appear. If facilities of the System which are detrimentally affected by flooding are or will be located in designated special flood or mudslide-prone areas and if flood insurance is available at a reasonable cost, a flood insurance policy must be obtained by the Governmental Agency on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds is outstanding. Prior to commencing operation of the Project, the Governmental Agency must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

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

2.10 The Governmental Agency shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Governmental Agency shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of this Loan Agreement.

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

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

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

(a) The Governmental Agency shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

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

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

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

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

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

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

(h) Such rates and charges for the System shall be sufficient to comply with the provisions of Subsections 4.1(a) and 4.1(b)(ii) hereof, and the Authority and the Council shall have received a certificate of the accountant for the Governmental Agency, or such other person or firm experienced in the finances of governmental agencies and satisfactory to the Authority and the Council, to such effect; and

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as

possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

3.5 The Governmental Agency understands and acknowledges that it is one of several governmental agencies which have applied to the Council for loans from the Infrastructure Fund to finance projects and that the obligation of the Authority to make any such loan is subject to the Council's authorization and the Governmental Agency's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing. The Governmental Agency specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Infrastructure Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may commit to and purchase the revenue bonds of other governmental agencies for which it has sufficient funds available.

ARTICLE IV

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

4.1 The Governmental Agency shall, as one of the conditions of the Authority to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Governmental Agency in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows, unless the specific provision or covenant is modified or waived by the Council:

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount

equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

(i) That the Local Bonds shall be secured by a pledge of either the gross or net revenues of the System, as more fully set forth in Schedule X attached hereto and in the Local Act;

(ii) That the schedule of rates or charges for the services of the System shall be sufficient to provide funds which, along with other revenues of the System, will pay all Operating Expenses and leave a balance each year equal to at least one hundred fifteen percent (115%) of the maximum amount required in any year for debt service on the Local Bonds and all other obligations secured by a lien on or payable from the revenues of the System prior to or on a parity with the Local Bonds or, if the Reserve Account is funded (whether by Local Bond proceeds, monthly deposits or otherwise) at an amount equal to the Reserve Requirement and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, equal to at least one hundred ten percent (110%) of the maximum amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

(iii) That the Governmental Agency shall complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds

outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority and the Council; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

(vii) That the Governmental Agency will not render any free services of the System;

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

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

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

(xi) That the Governmental Agency shall annually cause the records of the System to be audited by an independent certified public accountant or independent public accountant and shall submit the report of said audit to the Authority and the Council, which report shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the Governmental Agency's

revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

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

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Governmental Agency and on which the owners of the Local Bonds shall have a lien until such proceeds are applied to the construction of the Project (including the repayment of any incidental interim financing) and/or (b) be used to pay (or redeem) bond anticipation notes or other interim financing of such Governmental Agency, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and the Council, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency may not redeem any Local Bonds by it without the written consent of the Authority and the Council and otherwise in compliance with this Loan Agreement;

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

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

(xviii) That, unless it qualifies for an exception to the provisions of Section 148 of the Internal Revenue Code of 1986, as amended, which exception shall be set forth in an opinion of bond counsel, the Governmental Agency will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the

Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Governmental Agency shall take any and all action, or shall refrain from taking any action regarding the use of the proceeds of the Local Bonds, as shall be deemed necessary by the Authority to maintain the exclusion from gross income for federal income tax purposes of interest on the State's general obligation bonds or any bonds secured by the Local Bonds;

(xx) That the Governmental Agency shall have obtained the certificate of the Consulting Engineer in the form attached hereto as Exhibit A, to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project and all permits required by federal and State laws for construction of the Project have been obtained;

(xxi) That the Governmental Agency shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate the services of any water facility owned by it to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore the services of the water facility until all delinquent charges for the services of the System have been fully paid or, if the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

(xxii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request;

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

(xxiv) That the Governmental Agency shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project; and

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

4.2 The Loan shall be secured by the pledge and assignment by the Governmental Agency, as effected by the Local Act, of the fees, charges and other revenues of the Governmental Agency from the System as further set forth by and subject only to such reservations and exceptions as are described in Schedules X and Y hereto or are otherwise expressly permitted in writing by the Authority and the Council.

4.3 The principal of the Loan shall be repaid by the Governmental Agency on the days and in the years provided in Schedule X hereto. Interest payments on the Loan shall be made by the Governmental Agency on a quarterly basis as provided in said Schedule X.

4.4 The Loan shall bear interest from the date and at the rate or rates per annum set forth on Schedule X hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

4.5 The Local Bonds shall be delivered to the Authority in fully registered form, transferable and exchangeable as provided in the Local Act at the expense of the Governmental Agency. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series, as reflected by Schedule X hereto.

4.6 The Governmental Agency agrees to expend the net proceeds of the Local Bonds for the Project within 3 years of the issuance of the bonds which are the source of money used to purchase the Local Bonds, unless otherwise agreed to by the Council.

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in the payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under the Act and State law, including, without limitation, the right to an appointment of a receiver.

ARTICLE VI

Other Agreements of the Governmental Agency

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

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

6.3 Notwithstanding Section 6.2, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

7.1 Additional definitions, additional terms and provisions of the Loan and additional covenants and agreements of the Governmental Agency, if any, may be set forth in Schedule Z attached hereto and incorporated herein by reference, with the same effect as if contained in the text of this Loan Agreement.

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

7.3 The Authority shall take all actions required by the Council in making and enforcing this Loan Agreement.

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

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

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

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

7.8 The Authority acknowledges that certain terms and requirements in this Loan Agreement may not be applicable when the Project is financed in part by the West Virginia Department of Environmental Protection, Office of Abandoned Mine Lands and under that circumstance those terms and requirements are specifically waived or modified as agreed to by the Authority and set forth in the Local Act.

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority and the Council pursuant to Section 6.1 hereof; or

(iii) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Governmental Agency to the Authority, acting on behalf of the Council.

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

BOONE COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairperson
Date: April 16, 2008

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: April 16, 2008

Attest:

_____
Its: Secretary-Treasurer

{C1338117.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

West Virginia Infrastructure and
Jobs Development Council
300 Summers Street, Suite 980
Charleston, West Virginia 25301

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

Ladies and Gentlemen:

We are bond counsel to _____ (the "Governmental Agency"), a _____.

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

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond _____ duly adopted or enacted by the Governmental Agency on _____, as supplemented by the supplemental resolution duly adopted by the Governmental Agency on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the Loan Agreement has been undertaken. The Local Bonds are subject to redemption prior

to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Local Act and the Loan Agreement.

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

Name of Governmental Agency _____
Name of Bond Issue(s) _____
Type of Project _____ **Water** _____ **Wastewater**
Fiscal Year _____ **Report Month** _____

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission on behalf of [Name of Governmental Agency] on [Date].

Sinking Fund:

Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $1,200,000
Purchase Price of Local Bonds $1,200,000

The Local Bonds shall bear no interest. Commencing December 1, 2009, principal on the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Governmental Agency shall submit its payments monthly to the Commission which will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority.

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

The Governmental Agency may prepay the Local Bonds in full at any time at the price of par but only with the Council's written consent. The Governmental Agency shall request approval from the Authority and Council in writing of any proposed debt which will be issued by the Governmental Agency on a parity with the Local Bonds which request must be filed at least 60 days prior to the intended date of issuance.

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Governmental Agency:

Boone County Public Service District Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated July 30, 1993, issued in the original aggregate principal amount of $4,384,319.

$1,200,000
Boone County Public Service District
0% Interest Rate, 40 Years
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	7,793.00	-	7,793.00
03/01/2010	7,793.00	-	7,793.00
06/01/2010	7,793.00	-	7,793.00
09/01/2010	7,793.00	-	7,793.00
12/01/2010	7,793.00	-	7,793.00
03/01/2011	7,793.00	-	7,793.00
06/01/2011	7,793.00	-	7,793.00
09/01/2011	7,793.00	-	7,793.00
12/01/2011	7,793.00	-	7,793.00
03/01/2012	7,793.00	-	7,793.00
06/01/2012	7,793.00	-	7,793.00
09/01/2012	7,793.00	-	7,793.00
12/01/2012	7,793.00	-	7,793.00
03/01/2013	7,793.00	-	7,793.00
06/01/2013	7,793.00	-	7,793.00
09/01/2013	7,793.00	-	7,793.00
12/01/2013	7,793.00	-	7,793.00
03/01/2014	7,793.00	-	7,793.00
06/01/2014	7,793.00	-	7,793.00
09/01/2014	7,793.00	-	7,793.00
12/01/2014	7,793.00	-	7,793.00
03/01/2015	7,793.00	-	7,793.00
06/01/2015	7,793.00	-	7,793.00
09/01/2015	7,793.00	-	7,793.00
12/01/2015	7,793.00	-	7,793.00
03/01/2016	7,793.00	-	7,793.00
06/01/2016	7,793.00	-	7,793.00
09/01/2016	7,793.00	-	7,793.00
12/01/2016	7,793.00	-	7,793.00
03/01/2017	7,793.00	-	7,793.00
06/01/2017	7,793.00	-	7,793.00
09/01/2017	7,793.00	-	7,793.00
12/01/2017	7,792.00	-	7,792.00
03/01/2018	7,792.00	-	7,792.00
06/01/2018	7,792.00	-	7,792.00
09/01/2018	7,792.00	-	7,792.00
12/01/2018	7,792.00	-	7,792.00
03/01/2019	7,792.00	-	7,792.00

$1,200,000
Boone County Public Service District
0% Interest Rate, 40 Years
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2019	7,792.00	-	7,792.00
09/01/2019	7,792.00	-	7,792.00
12/01/2019	7,792.00	-	7,792.00
03/01/2020	7,792.00	-	7,792.00
06/01/2020	7,792.00	-	7,792.00
09/01/2020	7,792.00	-	7,792.00
12/01/2020	7,792.00	-	7,792.00
03/01/2021	7,792.00	-	7,792.00
06/01/2021	7,792.00	-	7,792.00
09/01/2021	7,792.00	-	7,792.00
12/01/2021	7,792.00	-	7,792.00
03/01/2022	7,792.00	-	7,792.00
06/01/2022	7,792.00	-	7,792.00
09/01/2022	7,792.00	-	7,792.00
12/01/2022	7,792.00	-	7,792.00
03/01/2023	7,792.00	-	7,792.00
06/01/2023	7,792.00	-	7,792.00
09/01/2023	7,792.00	-	7,792.00
12/01/2023	7,792.00	-	7,792.00
03/01/2024	7,792.00	-	7,792.00
06/01/2024	7,792.00	-	7,792.00
09/01/2024	7,792.00	-	7,792.00
12/01/2024	7,792.00	-	7,792.00
03/01/2025	7,792.00	-	7,792.00
06/01/2025	7,792.00	-	7,792.00
09/01/2025	7,792.00	-	7,792.00
12/01/2025	7,792.00	-	7,792.00
03/01/2026	7,792.00	-	7,792.00
06/01/2026	7,792.00	-	7,792.00
09/01/2026	7,792.00	-	7,792.00
12/01/2026	7,792.00	-	7,792.00
03/01/2027	7,792.00	-	7,792.00
06/01/2027	7,792.00	-	7,792.00
09/01/2027	7,792.00	-	7,792.00
12/01/2027	7,792.00	-	7,792.00
03/01/2028	7,792.00	-	7,792.00
06/01/2028	7,792.00	-	7,792.00
09/01/2028	7,792.00	-	7,792.00
12/01/2028	7,792.00	-	7,792.00
03/01/2029	7,792.00	-	7,792.00
06/01/2029	7,792.00	-	7,792.00
09/01/2029	7,792.00	-	7,792.00
12/01/2029	7,792.00	-	7,792.00
03/01/2030	7,792.00	-	7,792.00

$1,200,000
Boone County Public Service District
0% Interest Rate, 40 Years
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2030	7,792.00	-	7,792.00
09/01/2030	7,792.00	-	7,792.00
12/01/2030	7,792.00	-	7,792.00
03/01/2031	7,792.00	-	7,792.00
06/01/2031	7,792.00	-	7,792.00
09/01/2031	7,792.00	-	7,792.00
12/01/2031	7,792.00	-	7,792.00
03/01/2032	7,792.00	-	7,792.00
06/01/2032	7,792.00	-	7,792.00
09/01/2032	7,792.00	-	7,792.00
12/01/2032	7,792.00	-	7,792.00
03/01/2033	7,792.00	-	7,792.00
06/01/2033	7,792.00	-	7,792.00
09/01/2033	7,792.00	-	7,792.00
12/01/2033	7,792.00	-	7,792.00
03/01/2034	7,792.00	-	7,792.00
06/01/2034	7,792.00	-	7,792.00
09/01/2034	7,792.00	-	7,792.00
12/01/2034	7,792.00	-	7,792.00
03/01/2035	7,792.00	-	7,792.00
06/01/2035	7,792.00	-	7,792.00
09/01/2035	7,792.00	-	7,792.00
12/01/2035	7,792.00	-	7,792.00
03/01/2036	7,792.00	-	7,792.00
06/01/2036	7,792.00	-	7,792.00
09/01/2036	7,792.00	-	7,792.00
12/01/2036	7,792.00	-	7,792.00
03/01/2037	7,792.00	-	7,792.00
06/01/2037	7,792.00	-	7,792.00
09/01/2037	7,792.00	-	7,792.00
12/01/2037	7,792.00	-	7,792.00
03/01/2038	7,792.00	-	7,792.00
06/01/2038	7,792.00	-	7,792.00
09/01/2038	7,792.00	-	7,792.00
12/01/2038	7,792.00	-	7,792.00
03/01/2039	7,792.00	-	7,792.00
06/01/2039	7,792.00	-	7,792.00
09/01/2039	7,792.00	-	7,792.00
12/01/2039	7,792.00	-	7,792.00
03/01/2040	7,792.00	-	7,792.00
06/01/2040	7,792.00	-	7,792.00
09/01/2040	7,792.00	-	7,792.00
12/01/2040	7,792.00	-	7,792.00
03/01/2041	7,792.00	-	7,792.00

$1,200,000
Boone County Public Service District
0% Interest Rate, 40 Years
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2041	7,792.00	-	7,792.00
09/01/2041	7,792.00	-	7,792.00
12/01/2041	7,792.00	-	7,792.00
03/01/2042	7,792.00	-	7,792.00
06/01/2042	7,792.00	-	7,792.00
09/01/2042	7,792.00	-	7,792.00
12/01/2042	7,792.00	-	7,792.00
03/01/2043	7,792.00	-	7,792.00
06/01/2043	7,792.00	-	7,792.00
09/01/2043	7,792.00	-	7,792.00
12/01/2043	7,792.00	-	7,792.00
03/01/2044	7,792.00	-	7,792.00
06/01/2044	7,792.00	-	7,792.00
09/01/2044	7,792.00	-	7,792.00
12/01/2044	7,792.00	-	7,792.00
03/01/2045	7,792.00	-	7,792.00
06/01/2045	7,792.00	-	7,792.00
09/01/2045	7,792.00	-	7,792.00
12/01/2045	7,792.00	-	7,792.00
03/01/2046	7,792.00	-	7,792.00
06/01/2046	7,792.00	-	7,792.00
09/01/2046	7,792.00	-	7,792.00
12/01/2046	7,792.00	-	7,792.00
03/01/2047	7,792.00	-	7,792.00
06/01/2047	7,792.00	-	7,792.00
09/01/2047	7,792.00	-	7,792.00
12/01/2047	7,792.00	-	7,792.00
03/01/2048	7,792.00	-	7,792.00
Total	**$1,200,000.00**	-	**$1,200,000.00**

Yield Statistics

Bond Year Dollars	$24,899.51
Average Life	20.750 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.13E-10
Bond Yield for Arbitrage Purposes	1.13E-10
All Inclusive Cost (AIC)	1.13E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.750 Years

File | Boone County PSD Loans.sf | IF 4-02-08 | 4/ 2/2008 | 9:54 AM

SCHEDULE Z

None.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 2nd day of April, 2008.

CASE NO. 05-1420-PSD-CN (Reopened)

BOONE COUNTY PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct, operate and maintain a new wastewater treatment plant, a new collection system to serve approximately 280 existing customers and approximately 130 new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County.

COMMISSION ORDER

On September 23, 2005, Boone County Public Service District filed a verified application for a certificate of convenience and necessity to construct, operate and maintain a new 200,000 gpd sequencing batch reactor wastewater treatment plant with a 350 gpm duplex plant pump station, a screening unit, dual blowers, ultraviolet disinfection, cascade aeration, aerobic digester, non-potable water system, all necessary valves, piping, controls and appurtenances with effluent discharge into Pond Fork; and a new collection system utilizing portions of existing collection systems to serve approximately 280 existing customers and approximately 130 new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County.

On January 19, 2006, an Administrative Law Judge issued a Recommended Decision (i) granting the application for the certificate of convenience and necessity, (ii) approving the proposed financing, and (iii) granting a waiver of a requirement to file a Rule 42 accounting exhibit. The Decision also required the District to reopen this proceeding if the scope of the project changed or if the approved financing changed, necessitating a change in rates. The Recommended Decision became a Final Order of the Commission on February 8, 2006. The Final Order allowed rates to go into effect.

On November 8, 2007, the District filed a petition to reopen this proceeding. The bids exceeded the estimated cost of the project by approximately $4,000,000. The District revised the project's scope and obtained commitments for additional financing.

On February 22, 2008, the District filed final project costs and financing estimates. The project is estimated to cost $7,190,209. The District proposed the following financing for the revised project:

WVIJDC Grant	$ 306,457
WVIJDC Loan	$ 1,200,000 @ 0% interest for a term of 40 years
COE Grant	$ 2,250,000
ARC Grant	$ 833,752
Small Cities Block Grant	$ 1,500,000
Boone County Commission Grant	$ 1,100,000

On March 5, 2008, Staff filed its Final Joint Staff Memorandum recommending that this case be reopened and that the revised project and its revised funding proposal be approved. Upon substantial completion of this project, Staff recommended that the District be authorized to begin charging the rates and charges approved in the Recommended Decision entered on January 19, 2006. In all other respects the January 19, 2006 Recommended Decision should remain in full force and effect.

On March 20, 2008, Staff filed its Third Final Joint Staff Memorandum clarifying that the rates and charges attached to its Final Joint Staff Memorandum had been effective since the date the Recommended Decision in Case No. 05-1420-PSD-CN became final on February 8, 2006.

Staff noted that this project has 83% grant funding. The loan amount has been reduced from the original filing. Staff concurs with the District's assertion that the revised project and its associated financing will not necessitate any further rate increase over and above that previously approved for this project. After one full year of operation, Staff recommends that the District file for a full rate review.

DISCUSSION

The Commission will approve (1) the increased project cost of $7,190,209; (2) the revised WVIJDC loan of $1,200,000 at 0% for 40 years; (3) the revised COE grant of $2,250,000; and (4) the addition of a Boone County Commission grant of $1,100,000.

FINDINGS OF FACT

1. The District filed a petition to reopen this proceeding due to a bid overrun that resulted in shortfall in financing for the project of approximately $4,000,000.

2. The District has obtained funding sufficient to cover the increased project cost of $7,190,209.

3. The revised project and its associated financing will not necessitate any further rate increase over and above that previously approved for this project.

4. Staff filed a Final Joint Staff Memorandum recommending that this case be reopened and that the revised project and its revised funding proposal be approved. In that memorandum, Staff recommended that the rates and charges attached to the memorandum be approved tp become effective upon substantial completion of the project.

5. Staff subsequently filed its Third Final Joint Staff Memorandum clarifying that the rates and charges attached to its Final Joint Staff Memorandum had been effective since the date the Recommended Decision on Case No. 05-1420-PSD-CN became final on February 8, 2006.

CONCLUSIONS OF LAW

1. Since the revised financing will allow the District to complete its project with no impact on rates, it is reasonable to approve (1) the increased project cost of $7,190,209; (2) the revised WVIJDC loan of $1,200,000 at 0% for 40 years; (3) the revised COE grant of $2,250,000; and (4) an additional grant from the Boone County Commission in the amount of $1,100,000.

2. It is reasonable to direct the District to file for full rate review following one year of operation.

ORDER

IT IS, THEREFORE, ORDERED that the petition to reopen, filed by the Boone County Public Service District on November 8, 2007, is hereby granted.

IT IS FURTHER ORDERED that the Boone County Public Service District's increased project cost of $7,190,209, is hereby approved.

IT IS FURTHER ORDERED that the WVIJDC loan of $1,200,000 at 0% for 40 years is hereby approved.

IT IS FURTHER ORDERED that the COE grant of $2,250,000 is hereby approved.

IT IS FURTHER ORDERED that the Boone County Commission grant of $1,100,000 is hereby approved.

IT IS FURTHER ORDERED that the Boone County Public Service District file for full rate review following one year of operating the project.

IT IS FURTHER ORDERED that in all other respects the January 19, 2006 Recommended Decision (Final Order February 8, 2006) shall remain in full force and effect.

IT IS FURTHER ORDERED that if there are changes in the plan, scope, or financing for the project that affect customer rates, the District shall request that the case be reopened and seek approval from the Commission for the changes.

IT IS FURTHER ORDERED that if there are changes in project costs that do not affect rates, the District does not need to seek reopening and approval; however, the District must file an affidavit signed by a Certified Public Accountant certifying that rates are not affected.

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

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

MEB/lcw
051420ca.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 2nd day of April, 2008.

CASE NO. 05-1420-PSD-CN (Reopened)

BOONE COUNTY PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct, operate and maintain a new wastewater treatment plant, a new collection system to serve approximately 280 existing customers and approximately 130 new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County.

COMMISSION ORDER

On September 23, 2005, Boone County Public Service District filed a verified application for a certificate of convenience and necessity to construct, operate and maintain a new 200,000 gpd sequencing batch reactor wastewater treatment plant with a 350 gpm duplex plant pump station, a screening unit, dual blowers, ultraviolet disinfection, cascade aeration, aerobic digester, non-potable water system, all necessary valves, piping, controls and appurtenances with effluent discharge into Pond Fork; and a new collection system utilizing portions of existing collection systems to serve approximately 280 existing customers and approximately 130 new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County.

On January 19, 2006, an Administrative Law Judge issued a Recommended Decision (i) granting the application for the certificate of convenience and necessity, (ii) approving the proposed financing, and (iii) granting a waiver of a requirement to file a Rule 42 accounting exhibit. The Decision also required the District to reopen this proceeding if the scope of the project changed or if the approved financing changed, necessitating a change in rates. The Recommended Decision became a Final Order of the Commission on February 8, 2006. The Final Order allowed rates to go into effect.

On November 8, 2007, the District filed a petition to reopen this proceeding. The bids exceeded the estimated cost of the project by approximately $4,000,000. The District revised the project's scope and obtained commitments for additional financing.

On February 22, 2008, the District filed final project costs and financing estimates. The project is estimated to cost $7,190,209. The District proposed the following financing for the revised project:

WVIJDC Grant	$ 306,457
WVIJDC Loan	$ 1,200,000 @ 0% interest for a term of 40 years
COE Grant	$ 2,250,000
ARC Grant	$ 833,752
Small Cities Block Grant	$ 1,500,000
Boone County Commission Grant	$ 1,100,000

On March 5, 2008, Staff filed its Final Joint Staff Memorandum recommending that this case be reopened and that the revised project and its revised funding proposal be approved. Upon substantial completion of this project, Staff recommended that the District be authorized to begin charging the rates and charges approved in the Recommended Decision entered on January 19, 2006. In all other respects the January 19, 2006 Recommended Decision should remain in full force and effect.

On March 20, 2008, Staff filed its Third Final Joint Staff Memorandum clarifying that the rates and charges attached to its Final Joint Staff Memorandum had been effective since the date the Recommended Decision in Case No. 05-1420-PSD-CN became final on February 8, 2006.

Staff noted that this project has 83% grant funding. The loan amount has been reduced from the original filing. Staff concurs with the District's assertion that the revised project and its associated financing will not necessitate any further rate increase over and above that previously approved for this project. After one full year of operation, Staff recommends that the District file for a full rate review.

DISCUSSION

The Commission will approve (1) the increased project cost of $7,190,209; (2) the revised WVIJDC loan of $1,200,000 at 0% for 40 years; (3) the revised COE grant of $2,250,000; and (4) the addition of a Boone County Commission grant of $1,100,000.

FINDINGS OF FACT

1. The District filed a petition to reopen this proceeding due to a bid overrun that resulted in shortfall in financing for the project of approximately $4,000,000.

2. The District has obtained funding sufficient to cover the increased project cost of $7,190,209.

3. The revised project and its associated financing will not necessitate any further rate increase over and above that previously approved for this project.

4. Staff filed a Final Joint Staff Memorandum recommending that this case be reopened and that the revised project and its revised funding proposal be approved. In that memorandum, Staff recommended that the rates and charges attached to the memorandum be approved tp become effective upon substantial completion of the project.

5. Staff subsequently filed its Third Final Joint Staff Memorandum clarifying that the rates and charges attached to its Final Joint Staff Memorandum had been effective since the date the Recommended Decision on Case No. 05-1420-PSD-CN became final on February 8, 2006.

CONCLUSIONS OF LAW

1. Since the revised financing will allow the District to complete its project with no impact on rates, it is reasonable to approve (1) the increased project cost of $7,190,209; (2) the revised WVIJDC loan of $1,200,000 at 0% for 40 years; (3) the revised COE grant of $2,250,000; and (4) an additional grant from the Boone County Commission in the amount of $1,100,000.

2. It is reasonable to direct the District to file for full rate review following one year of operation.

ORDER

IT IS, THEREFORE, ORDERED that the petition to reopen, filed by the Boone County Public Service District on November 8, 2007, is hereby granted.

IT IS FURTHER ORDERED that the Boone County Public Service District's increased project cost of $7,190,209, is hereby approved.

IT IS FURTHER ORDERED that the WVIJDC loan of $1,200,000 at 0% for 40 years is hereby approved.

IT IS FURTHER ORDERED that the COE grant of $2,250,000 is hereby approved.

IT IS FURTHER ORDERED that the Boone County Commission grant of $1,100,000 is hereby approved.

IT IS FURTHER ORDERED that the Boone County Public Service District file for full rate review following one year of operating the project.

IT IS FURTHER ORDERED that in all other respects the January 19, 2006 Recommended Decision (Final Order February 8, 2006) shall remain in full force and effect.

IT IS FURTHER ORDERED that if there are changes in the plan, scope, or financing for the project that affect customer rates, the District shall request that the case be reopened and seek approval from the Commission for the changes.

IT IS FURTHER ORDERED that if there are changes in project costs that do not affect rates, the District does not need to seek reopening and approval; however, the District must file an affidavit signed by a Certified Public Accountant certifying that rates are not affected.

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

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

MEB/lcw
051420ca.wpd

051420alj011906.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

2-8-06

Entered: January 19, 2006

CASE NO. 05-1420-PSD-CN

BOONE COUNTY PUBLIC SERVICE DISTRICT
Application for a Certificate of Convenience and Necessity to construct, operate and maintain a new wastewater treatment plant, a new collection system to serve approximately 280 existing customers and approximately 130 new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County.

RECOMMENDED DECISION

On September 23, 2005, Boone County Public Service District (District or Applicant) filed an application with the Public Service Commission for a certificate of convenience and necessity to construct a new wastewater treatment plant and a new collection system that will utilize portions of certain existing collection systems, to serve approximately 280 existing customers and approximately 130 new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County. The project will consist of the installation of approximately 30,000 linear feet of various sizes of sewer lines; necessary manholes and cleanouts; ten (10) sewage pump stations; approximately 15,000 linear feet of sewage force main; and a 200,000 gallon per day (G.P.D.) sequencing batch reactor wastewater treatment plant, with major components to consist of a 350 G.P.M. duplex plant pump station, a screening unit, dual blowers, ultraviolet disinfection, cascade aeration, an aerobic digester, a non-potable water system, all necessary valves, piping, control and appurtenances, with effluent discharge to Pond Fork. Service is currently being provided in parts of the area of application by the District as the successor to the South Boone Public Service District and Van Public Service District. However, the current system consists of approximately fourteen septic tanks and one package plant originally constructed in 1945 by Eastern Associated Coal Company. This system services approximately 288 existing customers, with all of the treatment units discharging into the Pond Fork of the Little Coal River.

The District estimated that the proposed construction would cost approximately $5,519,668 and would be financed by an Infrastructure and Jobs Development Council (IJDC) grant in the amount of $306,457; an IJDC loan in the amount of $1,279,459, at 0% interest for a term of 40 years; a U.S. Army Corps of Engineers (COE) grant in the amount of $1,500,000;

an Appalachian Regional Commission (ARC) grant in the amount of $833,752; and a Small Cities Block Grant (SCBG) in the amount of $1,500,000. The District anticipated that it would not have to modify its existing rates and charges.

According to the District, it is under an administrative order from the West Virginia Department of Environmental Protection (WVDEP or DEP) to construct improvements to the sewage collection system in the communities of Wharton, Pondco, Barret and Clinton in Boone County. The previously described current sewage collection system for the subject areas is in need of significant repair and the proposed upgrade will satisfy the compliance issues with the DEP and allow the District to comply with its NPDES permit and provide sanitary sewer collection and treatment services to approximately 130 new customers who are not currently receiving service. Attached to the District's application were a cash flow analysis for the year ended June 30, 2005, incorporating the Pond Fork project costs in the analysis; a copy of the State of West Virginia, Office of Environmental Health Services, Permit No. 16,602 issued for the project; and an engineering design report, contract documents and plans and specifications for the project prepared by the District's consulting engineer for the project, Chapman Technical Group (Chapman).

By Notice of Filing Order entered on September 23, 2005, the District was ordered to publish the specified notice, one time, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Boone County, making due return to the Commission of proper certification of publication immediately thereafter. The Notice provided that anyone desiring to protest or intervene in this matter should file a written protest or notice of intervention within 30 days following the date of publication, unless otherwise modified by Commission Order. The notice stated that failure to timely protest or intervene could affect the right to protest aspects of the certificate case, including any associated rate increases, or to participate in further proceedings. The protests or requests to intervene were to briefly state the reason for the protest or intervention and requests to intervene would have to comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. Finally, the Order stated that, if no protests are received within the 30 day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with the application and the Commission's review thereof.

On October 7, 2005, the District filed its affidavit of publication, indicating that the notice of filing was published in the Coal Valley News, a newspaper duly qualified by the Secretary of State, published and of general circulation in Boone County, on September 28, 2005.

On October 19, 2005, Staff Attorney C. Terry Owen filed the Initial Joint Staff Memorandum in this proceeding, attached to which was the Engineering Division and Utility Division Initial Internal Memorandum prepared by Utilities Analyst James W. Boggess, Utilities Division, and Jonathan M. Fowler, P.E., Engineering Division. Commission Staff

recommended that the District file commitment documents for the proposed financing for the project and that the District be required to file itemized and updated construction cost and project cost estimates. Staff recommended that this matter be referred to the Division of Administrative Law Judges for further processing and that the District be granted a waiver of the requirement that it file a Rule 42 accounting exhibit.

On November 14, 2005, the District filed a letter dated November 11, 2005, from Chapman, indicating that the probable construction costs incorporated in the District's certificate filing are the most current costs for the proposed project and the commitment letters for the funding specified in the certificate application, with the caveat that the District does not have a letter from the Army Corps of Engineers. However, the District previously filed a separate case with the Commission, Case No. 04-1921-PSC-PC, and obtained approval from the Commission for its construction assistance agreements with the Corps of Engineers, which agreements confirm that the Corps of Engineers will contribute $1,500,000 to the proposed project.

By Commission Referral Order entered on November 18, 2005, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before February 3, 2006, if there was no public protest to the application within 30 days after the publication of the required notice, and on or before April 21, 2006, if a public protest was received within 30 days after publication of the required notice, in accordance with the provisions of W. Va. Code §24-2-11(e).

On November 23, 2005, the District filed an opinion of probable construction costs and other information prepared by Chapman, pursuant to a Staff request.

On December 6, 2005, the District filed a letter from the District's general manager indicating that $300,000 of the funds from the Corps of Engineers had been expended for the design phase of the project.

On December 16, 2005, Staff Attorney Owen filed the Final Joint Staff Memorandum, attached to which was the Engineering Division and Utilities Division Final Internal Memorandum prepared by Mr. Fowler and Mr. Boggess. Staff noted that the existing customers in the area are currently receiving inadequate sewer service from a group of old coal company collection systems, which are connected to large community septic tanks. These old septic systems then discharge poorly treated, septic and malodorous effluent into Pond Fork. With respect to the project costs, Staff noted that the project had not actually been bid and that the project costs are based entirely upon estimated construction costs. Staff believes that, once bids are actually received, it is likely that the project costs will change. If the project costs increase because of increases in construction costs, either additional funding must be secured or the project scope and costs will need to be revised to accommodate the new project budget. Staff strongly advised the District to plan for the likelihood of increased construction costs and Staff listed several alternatives, including the use of deductive alternatives;

the pursuit of additional funding; or selected revisions in material specifications or design details, which would reduce project costs without affecting the functionality of the project. The total cost of engineering services for the project is approximately 19.6% of the construction cost or about 14.4% of the total project cost. Staff determined that these engineering fees are not unreasonable based upon similar projects. The cost of the project per customer is approximately $13,500, which is high, but not excessive, in light of the need to construct a new treatment facility as part of the project.

Engineering Staff has reviewed the plans, specifications and other technical documents provided by the District and finds no apparent conflicts with the Commission's current Rules for the Government of Sewer Utilities (Sewer Rules). Staff also noted that the West Virginia Bureau for Public Health, Environmental Engineering Division, and the West Virginia Division of Environmental Protection have also reviewed the project plans and specifications and approved them, since those agencies issued permits for this project. Staff recommended approval of the project without specifically approving the project plans and specifications.

According to Staff, the District and its consulting engineer have secured most of the major permits and approvals necessary for the construction of this project. Staff was of the opinion that the case was sufficiently mature with respect to permits and approvals to allow action by the Commission. Engineering Staff recommended that the Commission grant the application for certificate of convenience and necessity, contingent upon the District's receipt of all necessary federal, state and local permits and approvals for the proposed construction. Copies of any of the permits and approvals not already filed with the Commission should be forwarded immediately to the Commission upon the District's receipt of them. Further, construction should not begin until all permits and a certificate of convenience and necessity have been issued.

Commission Staff has reviewed the District's operation and maintenance expenses, based upon its engineer's estimates and the District's annual report for the year ending June 30, 2005. Based upon that information and review, Staff does not dispute the District's estimates and recommends no revisions at this time. Staff also noted that no rate increase will be required at this time to support the project. However, due to the inherent uncertainty in estimating operating costs for a new facility, Commission Staff recommended that the District file a petition for a rate review with the Commission no later than 18 months after the new system becomes operational.

Commission Staff noted that the area to be served by the project is without a viable public sewer system. Approximately 280 residential customers in the area are presenting served by two small package treatment plants and the group of 14 old, dilapidated sewer systems which empty into the community septic tanks. These systems were built in the 1940s and are discharging septic and malodorous waste into adjacent streams. The remaining customers to be served by the project either have no sewage treatment at all or utilize individual waste disposal systems

such as septic tanks or direct discharge of waste to area streams. The discharge of improperly treated or untreated wastewater is a violation of the Federal Clean Water Act and corresponding state statutes. The WVDEP issued Administrative Order No. 4336 in 1999, which requires the District to remedy the environmental problems created by the existing sewer discharges. That Order, coupled with the ongoing violation of federal and state pollution control statutes, result in the District being liable for significant monetary penalties and fines and subjects the District's officers and operators to potential criminal liability. Therefore, based upon the need to eliminate existing pollution problems, the need to provide for the safe and environmentally acceptable disposal of sewage and various statutory requirements and DEP's Administrative Order, Technical Staff concluded that the proposed project was needed. Further, based upon Staff's review of the engineering documentation, Staff concurred with the District's selection of design alternatives associated with the project.

With the respect to the Utilities Division's review, Staff noted that commitment letters from all the various funding agencies have been filed, with the exception of a letter from the U. S. Army Corps of Engineers. However, the Corps funding was committed by a project cooperation agreement between the District and the Corps, approved in prior Commission cases, Case Nos. 03-0148-PSD-PC and 04-1921-PSD-PC. The Commission also approved the engineering agreement between the District and Chapman Technical Group, in Case No. 02-1610-PSD-PC. With respect to the IJDC loan, Staff noted that principal payments will be $34,486 annually, plus $3,449 for debt reserve, for a total annual debt service of $37,935. After all *pro forma* adjustments are made, the District estimates a cash surplus of $45,208 and a debt service coverage of 122.8%, under its existing rates. Staff attached a recommended tariff to its memorandum, utilizing the District's existing rates and charges, but making certain language changes to conform the District's tariff to the updated Rules for the Construction and Filing of Tariffs.

In summary, Commission Staff recommended that the District be granted a certificate of convenience and necessity for the sewer project described in the application, which approval should be contingent upon the District obtaining and submitting to the Commission all necessary permits and approvals for the project; the District be granted a waiver of the requirement to file a Rule 42 accounting exhibit; the proposed project funding be approved; the District request reopening of the case for approval of any necessary project revisions or additional funding, should bids for construction exceed the estimated amounts approved in this proceeding; the District submit a certified and signed original copy of the bid tabulations for all construction contracts associated with the project as soon as they are available; the District submit copies of the certificate of substantial completion for all construction contracts associated with this project as soon as they are available; and the District file a rate application with the Commission, not more than 18 months after placing the new system into operation.

On December 27, 2005, the District filed a letter indicating that it had no objection to the Staff recommendations.

On December 29, 2005, the District filed copies of construction permits from the West Virginia Bureau of Public Health; the West Virginia Department of Transportation; the West Virginia Division of Natural Resources; the U. S. Army Corps of Engineers; and CSX Transportation. The District indicated that the West Virginia NPDES stormwater during construction permit would be submitted at a later date.

DISCUSSION

Upon consideration of all of the above, the undersigned Administrative Law Judge concludes that the public convenience and necessity require the project proposed by Boone County Public Service District in this proceeding. As noted by Commission Staff, the discharge of either poorly treated or untreated wastewater into the area streams violates both the WVDEP consent order and various federal and state pollution control statutes. Indeed, the Consent Order alone would constitute sufficient need for the project, but the existing systems which are used to serve 280 residents of Boone County and the absence of any sewage treatment facilities for the remaining customers to be served by this project constitute more than ample justification for the construction of this project. The project is economically feasible and convenient for the public because the District and Commission Staff do not anticipate a need for the District to increase its rates and charges at this time, since its current rates and charges are sufficient to cover the estimated operation and maintenance expenses which will be required by the project and the debt service needed to service the project financing; approximately 75% of the project financing is grant funding; and there are very reasonable terms for the loan financing, i.e., a term of 40 years at 0% interest. Further, all funding for the project has been committed to the District.

Commission Staff has reviewed the project plans, specifications and other technical documents and has determined that the project does not contain any apparent conflicts with the Commission sewer rules. Further, the project has received numerous permits and approvals from the involved permitting agencies and entities, indicating their approval of the project, including the Bureau of Public Health and the West Virginia Department of Environmental Protection.

Finally, the District has not objected to any of the Staff conditions regarding the filing of any outstanding permits and approvals; the filing of the bid tabulations for the various construction contracts; the submission of the copies of the certificate of substantial completion for all construction contracts; and the recommendations that the District request reopening of the case for approval of any necessary project revisions or additional funding; and that the District file a rate application no more than 18 months after the new system becomes operational. Finally, the District provided adequate notice of the project to its existing customers and proposed customers and no letters of protect or notices to intervene have been filed in this matter, either within the 30-day protest period or as of the date of this order.

FINDINGS OF FACT

1. On September 23, 2005, Boone County Public Service District filed an application with the Public Service Commission for a certificate of convenience and necessity to construct a new wastewater treatment plant and a new collection system, which will utilize portions of certain existing collection systems, to serve approximately 280 existing customers and approximately 130 new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County. (See, application filed September 23, 2005).

2. Currently, the District is under an administrative order from the West Virginia Department of Environmental Protection to construct improvements to the sewage collection system in the communities of Wharton, Pondco, Barrett and Clinton. The current system consists of approximately 14 septic tanks and one package plant originally constructed in 1945 by Eastern Associated Coal Company. The current sewage collection system is in need of significant repair. The wastewater from the existing customers in the area is transported to the 14 large community septic tanks, which then discharge poorly treated, septic and malodorous effluent into Pond Fork. The effluent being discharged into area streams currently violates numerous federal and state pollution control and environmental protection statutes. Additionally, the new project will serve approximately 130 new customers who currently do not have access to public sewer service. (See, application filed September 23, 2005; Final Joint Staff Memorandum and attachment filed December 16, 2005).

3. The State of West Virginia, Office of Environmental Health Services, has issued Permit No. 16,602 for the project. (See, application filed September 23, 2005; Final Joint Staff Memorandum and attachment filed December 16, 2005).

4. The District has received permits to construct from the Bureau of Public Health; the West Virginia Department of Transportation; the West Virginia Division of Natural Resources; the U. S. Army Corps of Engineers; and CSX Transportation. (See, permits filed December 29, 2005).

5. The project is estimated to cost approximately $5,519,668 and will be financed by an IJDC grant in the amount of $206,457; an IJDC loan in the amount of $1,279,459, at 0% interest for a term of 40 years; a U.S. Army Corps of Engineers grant in the amount of $1,500,000; an Appalachian Regional Commission grant in the amount of $833,752; and a Small Cities Block grant in the amount of $1,500,000. All of the financing has been committed and commitment documents have been filed with the Public Service Commission. (See, application filed September 23, 2005; commitment letters filed November 14, 2005; Final Joint Staff Memorandum and attachment filed December 16, 2005; and Public Service Commission Case Nos. 03-0148-PSC-PC and 04-1921-PSC-PC).

6. The District performed a cash flow analysis utilizing its current rates and charges, but incorporating the anticipated increased operation and maintenance expenses and debt service requirements for the proposed project, and determined that no rate increase would be required and that it should be able to maintain a cash surplus of $45,208, with a debt service coverage of 122.80%. Accordingly, no rate increase is anticipated as a result of this project. Commission Staff has reviewed the District's projections and its annual report for the year ending June 30, 2005, and made no modifications or changes to the District's cash flow analysis or expense and debt service estimates. (See, application filed September 23, 2005; Final Joint Staff Memorandum and attachment filed December 16, 2005).

7. Boone County Public Service District provided public notice of the filing of its application and no protests have been filed to the application either within the 30-day protest period or as of the date of this Order. (See, affidavit of publication filed October 7, 2005; case file generally).

8. The plans and specifications for this project do not appear to conflict with the Commission's Sewer Rules and the engineering costs associated with the project are consistent with the level of such costs associated with similar projects. (See, Final Joint Staff Memorandum and attachment filed December 16, 2005).

9. Commission Staff has reviewed the application and all the supporting documentation submitted therewith and has recommended that the application for a certificate of convenience and necessity be granted; that the proposed financing be approved; that the District be granted a waiver of the requirement to file a Rule 42 accounting exhibit to support the project; that the District be required to request reopening of the case for approval of any necessary project revisions or additional funding, should bids for construction exceed the estimated amounts approved in this proceeding; that the District submit a certified signed original copy of the bid tabulations for all construction contracts associated with the project as soon as they are available; that the District submit copies of the certificate of substantial completion for each construction contract associated with the project as soon as they are available; and that the District file a rate application with the Commission, not more than 18 months after placing the new system into operation, to verify that the District's existing rates and charges are sufficient to support the District's current level of operations. (See, Final Joint Staff Memorandum and attachment filed December 16, 2005).

10. Boone County Public Service District has reviewed the Staff recommendations and has indicated that it has no objection to any of the conditions set forth in the Staff recommendations. (See, letter filed December 27, 2005).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the project which is the subject of this application filed by Boone County Public Service District.

2. The proposed project is economically feasible and convenient to the public because it has been fully funded with approximately 75% grant funding; the proposed loan financing contains very generous terms with a 0% interest rate; and the District's current rates and charges are sufficient to support the proposed level of operations, including the additional debt service, and, therefore, no rate increase is needed.

3. Since no protest was filed in response to the publication of the notice of filing, no hearing is required in this matter.

4. The Staff-recommended conditions set forth in the Final Joint Staff Memorandum and attachment are reasonable and should be adopted.

5. A certificate of convenience and necessity should be granted to Boone County Public Service District for the construction and operation of the wastewater treatment plant and collection system that are the subject of this application.

ORDER

IT IS, THEREFORE, ORDERED that the application filed by Boone County Public Service District on September 23, 2005, for a certificate of convenience and necessity to construct a new wastewater treatment plant and new collection system to serve approximately 280 existing customers and approximately 130 new customers in the communities of Wharton, Pondco, Barrett and Clinton, in Boone County, West Virginia, be, and hereby is, granted, provided, however, that Boone County Public Service District file with the Public Service Commission all outstanding permits and approvals from the various permitting agencies and that no construction commence until all necessary permits and approvals have been obtained and filed with the Public Service Commission.

IT IS FURTHER ORDERED that the financing for the project, consisting of an Infrastructure and Jobs Development Council grant in the amount of $306,457; an IDJC loan in the amount of $1,279,459, at 0% interest for a term of 40 years; a U.S. Army Corps of Engineers grant in the amount of $1,500,000; an Appalachian Regional Commission grant in the amount of $833,752; and a Small Cities Block grant in the amount of $1,500,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that Boone County Public Service District be, and hereby is, granted a waiver of the requirement to file a Rule 42 accounting exhibit to support this application.

IT IS FURTHER ORDERED that, should the plans or scope of the project change, or should a change in costs or financing occur which requires a rate revision, Boone County Public Service District file a petition to reopen this proceeding for Commission approval of those revisions.

IT IS FURTHER ORDERED that, should a change in project cost or financing occur which will not affect rates, Boone County Public Service District file a certified statement from its accountant verifying that such change will not affect the rates and charges of the District.

IT IS FURTHER ORDERED that, should the project certificated herein require the use of Division of Highways' rights-of-way, Boone County Public Service District comply with all rules and regulations of the Division of Highways in the use of those rights-of-way.

IT IS FURTHER ORDERED that the Boone County Public Service District submit a certified and signed original copy of the bid tabulations for each construction contract associated with the project, as soon as each becomes available.

IT IS FURTHER ORDERED that Boone County Public Service District submit a copy of the certificate of substantial completion for each construction contract associated with this project, as soon as each becomes available.

IT IS FURTHER ORDERED that Boone County Public Service District file a petition with the Public Service Commission for a rate review, not more than 18 months after placing the new system into operation.

IT IS FURTHER ORDERED that the Staff-recommended tariff, attached hereto as Appendix A, be, and hereby is, approved for use by Boone County Public Service District for all service rendered on and after that the date that this Order becomes final.

IT IS FURTHER ORDERED that Boone County Public Service District file an original and at least five (5) copies of its tariff, within thirty (30) days of the date that this Order becomes final.

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

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

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

If no exceptions are so filed this order shall become the order of the Commission, without further action or order, five (5) days following

the expiration of the aforesaid fifteen (15) day time period, unless it is ordered stayed or postponed by the Commission.

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

Melissa K. Marland
Chief Administrative Law Judge

MKM:kkp
051420a.wpd

CASE NO. 05-1420-PSD-CN

BOONE COUNTY PUBLIC SERVICE DISTRICT
Application for a Certificate of Convenience and Necessity to construct, operate and maintain a new wastewater treatment plant, a new collection system to serve approximately 280 existing customers and approximately 130 new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County.

APPROVED TARIFF

MUNICIPAL EXCISE TAX SURCHARGE

The municipality listed below, having imposed public utility tax computed on the basis of two percent of revenues from sewer service sales by the sewer utility within the corporate limits of such municipalities, shall be billed as "surcharge" to the customers receiving service within said corporate limits.

The sewer utility is required to collect the utility tax pursuant to West Virginia Code §8-13-5a.

Customers receiving sewer service within the corporate limits of the specified municipality shall pay a surcharge based on the following surcharge rates:

City of Madison, West Virginia ---------2.00% tax

BUSINESS AND OCCUPATION TAX

City of Madison, West Virginia ---------1.43% tax

SCHEDULE I

APPLICABILITY

Applicable within the entire service territory served.

AVAILABILITY

Available for general domestic, commercial and industrial service.

RATES

First	3,000 gallons of water used per month	$9.30 per 1,000 gallons
Next	3,000 gallons of water used per month	$8.39 per 1,000 gallons
Next	4,000 gallons of water used per month	$7.95 per 1,000 gallons
Next	10,000 gallons of water used per month	$6.00 per 1,000 gallons
Over	20,000 gallons of water used per month	$5.31 per 1,000 gallons

FLAT RATE CHARGE

Equivalent of 4,500 gallons of water usage, $40.49 per month

MINIMUM CHARGE

No bill will be rendered for less than $18.60 per month, which is the equivalent of 2,000 gallons of usage with a 5/8" meter.

RETURNED CHECK CHARGE

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

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for non-payment of sewer bills in conjunction with a water service termination agreement with West Virginia-American Water Company, a disconnection fee of $20.00 shall be charged; or in the event the delinquent sewer bill is collected by the Water Company, an administrative fee of $20.00 shall be charged.

Whenever water service, which has previously been disconnected or otherwise withheld for non-payment of a sewer bill in conjunction with a water service termination agreement with West Virginia-American Water Company, is reconnected, a reconnection fee of $20.00 shall be charged.

SECURITY DEPOSIT

Not to exceed one twelfth (1/12) of the annual estimated charge for residential service, or one-sixth (1/6) of the annual estimated charge for commercial service, or fifty dollars, whichever is greater.

DELAYED PAYMENT PENALTY

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

TAP FEE

The following charges are to be made whenever Boone County Public Service District installs a new tap to serve an applicant.

No tap fee will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of $350.00 will be charged to customers applying for service outside a certificate proceeding before the Commission.

LEAK ADJUSTMENT

$0.44 per 1,000 gallon is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above customer's historical average usage.

SCHEDULE II

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SEWER SYSTEM

Where the District has discovered that a customer's roof drain, downspouts, storm sewer or other similar facilities conducting surface water have been connected to the District's sewer system, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the District in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

$$S = A \times R \times .0006233 \times C$$

S - The surcharge in dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The District's approved rate per thousand gallons of metered water usage

The District shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

AFFIDAVIT OF PUBLICA

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

I, Janet Yeager, being duly sworn, upon my oath, do depose and say that I am Publisher of the corporation entitled Boone County Newspapers, Inc., publishers of the COAL VALLEY NEWS, that such newspaper has been published for more than one year prior to publication of the approved notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the municipality of Madison, Boone County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, 1931, as amended, within the publication area of the aforesaid municipality; that such newspaper averages in length four or more pages, exclusive of any cover per issue; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;

that the annexed notice of Boone Co. PSD - Notice of Filing

was duly published in the COAL VALLEY NEWS once a week for 1 successive weeks (Class I), commencing with the issue of the 28th day of Sept, 2005, and ending with the issue of the 28th day of Sept, 2005,

(and was posted at the _____

on the _____ day of _____, 2005;)

that said annexed notice was published on the following dates:

9/28, 2005

and the cost of publishing said annexed notice as aforesaid was $109.00

Janet Yeager, Publisher

Taken, subscribed and sworn to before me in my said county this 28th day of Sept, 2005.
My commission expires November 5, 2007.

Peggy Ann Bias
Notary Public of Boone County
West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PEGGY ANN BIAS
COAL VALLEY NEWS
P. O. BOX 509
MADISON, WV 25130
My Commission Expires November 5, 2007

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West ·ginia, in the City of Charleston on the 23rd day of ·pterember, 2005.

CASE NO. 05-1420-PSD-CN

BOONE COUNTY PUBLIC SERVICE DISTRICT

a public utility, Boone County, West Virginia.

Application for a Certificate of Convenience and ·cessity to construct a new wastewater treatment plant, a ·w collection system that will utilize portions of certain ·isting collection systems to serve approximately 280 ·isting customers and approximately 130 new customers the communities of Wharton, Pondco, Barrett, and ·inton, in the County of Boone.

NOTICE OF FILING

WHEREAS, on September 23, 2005, the BOONE ·OUNTY PUBLIC SERVICE DISTRICT filed an applica·n,duly verified, for a Certificate to construct a new waste·ater treatment plant, a new collection system that will uti·e portions of certain existing collection systems to serve ·pproximately 280 existing customers and approximately ·30 new customers in the communities of Wharton, ·ondco, Barrett, and Clinton, in the County of Boone. The ·pplication is on file with and available for public inspection the Public Service Commission, 201 Brooks Street, in ·harleston, West Virginia; and,

WHEREAS, the BOONE COUNTY PUBLIC SERVICE ·ISTRICT estimates that construction will cost approxi·ately $5,519,668.00. It is proposed that the construction ·ill be financed as follows:

IJDC Grant	$306,457.00
IJDC Loan	$1,379,459.00 @ 0% Interest for a term of 40 years
COE Grant	$1,500,000.00
ARC Grant	$833,752.00
Small Cities Block Grant	$1,500,000.00
Total	$5,519,668.00

and,

WHEREAS, the utility anticipates charging the following ·ewer rates for its customers:

The District does not anticipate having to increase its ·urrent customer rates and charges. As part of this filing, the ·istrict is requesting a waiver of this commission's require·ent of filing a Rule 42 Exhibit. The District's current cus·omer rates and charges are as follows:

SCHEDULE I

APPLICABILITY

Applicable in entire service territory

AVAILABILITY OF SERVICE

Available for general domestic, commercial and indus·rial service

RATES

First 3,000 gallons used per month $9.30 per 1,000 gal·ons

Next 3,000 gallons used per month $8.39 per 1,000 gal·ons

Next 4,000 gallons used per month $7.95 per 1,000 gal·ons

Next 10,000 gallons used per month $6.00 per 1,000 gallons

Over 20,000 gallons used per month $5.31 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $18.60 based on 2,000 gallons of water usage per month.

UNMETERED RATE

A flat fee $40.49, based on 4,500 gallons of water usage per month, will be charged for all unmetered water customers.

DELAYED PAYMENT PENALTY

The above tariff is net. On all current usage billings not paid within twenty (20) days, ten percent (10%) will be added to the net current amount unpaid. This delayed payment penalty is not interest and is to be collect only once for each bill where it is appropriate.

INCREMENTAL LEAK ADJUSTMENT

$0.44 per 1,000 gallons. To be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate is used to calculate consumption above customer's historical average usage.

TAP FEE

$350.00

A tap fee will not be charged as part of this proposed project provided the customer connects prior to the completion of construction and the issuance of a certificate of substantial completion by the District's consulting engineer for this project.

SCHEDULE II

WATER DISCONNECT - RECONNECT

Whenever water service has been disconnected by the West Virginia - American Water Company for non-payment of sewer bills, a disconnection fee of $20.00 shall be charged; or in the event the delinquent sewer bill is collected by the water company, an administrative fee of $20.00 shall be charged. Whenever water service which has been previously disconnected by West Virginia-American Water Company for non-payment of sewer bills is reconnected, a reconnection fee of $20.00 shall be charged.

RETURNED CHECK FOR INSUFFICIENT FUNDS

If a check received is returned by the bank for any reason, the bank's charge to the District shall be the District's charge to the customer for such bad check, but such charge to the customer shall not exceed $15.00.

PUBLIC UTILITY TAX

City of Madison, West Virginia - 2.00% tax

BUSINESS AND OCCUPATION TAX

City of Madison, West Virginia - 1.43%

SCHEDULE III

SURCHARGE FORMULA TO BE APPLIED IN CASES WHERE SURFACE DRAINAGE IS CONNECTED TO THE DISTRICT'S SANITARY SEWER SYSTEM

Where the District has discovered that a customer's roof drain, downspouts, storm sewer or other similar facilities conducting surface water have been connected to the District's sewer System, and such customer has failed to take appropriate action, within thirty (30) days of receipt of a demand by the District in accordance with the Rules and Regulations of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

S=A x R x .0006233 x C

S - The surcharge in dollars

A - The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet

R - The measured monthly rainfall, in inches

.0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

C - The District's approved rate per thousand gallons of metered water usage.

The District shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing, or on-site inspection that rain or other surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water service in accordance with the Rules and Regulations of the Public Service Commission of West Virginia.

The requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

Pursuant to §24-2-11, West Virginia Code, IT IS ORDERED that the BOONE COUNTY PUBLIC SERVICE DISTRICT give notice of the filing of said application, by publishing a copy of this order once in a newspaper duly qualified by the Secretary of State, published and of general circulation in Boone County, making due return to this Commission of proper certification of publication immediately after publication. Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P.O. Box 812, Charleston, West Virginia 25323.

IT IS FURTHER ORDERED that if no protests are received within said thirty (30) day period, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

FOR THE COMMISSION:

/s/ SANDRA SQUIRE
Executive Secretary

9-28

AFFIDAVIT OF PUBLICA·

STATE OF WEST VIRGIN

West Virginia Infrastructure & Jobs Development Council

Public Members:
Mark Prince
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley
Tim Stranko
Morgantown

980 One Valley Square
Charleston, West Virginia 25301
Telephone: (304) 558-4607
Facsimile: (304) 558-4609

Katy Mallory, PE
Executive Secretary

Katy.Mallory@verizon.net

September 8, 2005

Fred Riggleman, General Manager
Boone County Public Service District
P.O. Box 287
109 Town Square
Danville, West Virginia 25053

Re: Binding Commitment Letter
Wastewater Project
Project 2000S-553

Dear Mr. Riggleman:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $1,379,459 (the "Loan") and a grant of approximately $306,457 (the "Grant") to the Boone County Public Service District (the "District") for the above referenced wastewater project (the "Project"). The Project has been determined to be technically feasible within the guidelines of the Infrastructure and Jobs Development Act by the Infrastructure Council. The Loan and Grant will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan and Grant amounts will be established after the District has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan and Grant upon the District's compliance with the program requirements. The Loan and Grant agreements will be between the District and the West Virginia Water Development Authority (Authority), acting on behalf of the Infrastructure Council.

This commitment is contingent upon the Project meeting the following schedule:

a. File Certificate Case with the Public Service Commission no later than September 19, 2005.
b. Advertise for bids no later than February 15, 2006.
(The District must receive authority from the Infrastructure Council before bidding the project.)

The Infrastructure Council reserves the right to withdraw this Loan and Grant commitment if any of the above schedule dates are not met. The Infrastructure Council may, when justifiable circumstances occur, offer to modify the schedule. Any decision to modify the schedule is at the sole discretion of the Infrastructure Council.

If the District becomes aware that it will not meet one or more of the above schedule dates, the District should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the

District to be unable to meet the schedule. In addition, please immediately notify the Infrastructure Council if any of the other dates on the attached schedule have or will not be met.

The Authority will enter into Loan and Grant agreements with the District following receipt of the completed Schedule B, a final, nonappealable order from the Public Service Commission authorizing construction of the Project, evidence of binding commitments for other funding; evidence of all permits; evidence of acceptable bids; and any other documents requested by the Infrastructure Council.

No statements or representations made before or after the issuance of this contingent commitment by any person, member of the Infrastructure Council, or agent or employee of the Authority shall be construed as approval to alter or amend this commitment, as all such amendments or alterations shall only be made in writing after approval of the Infrastructure Council.

If the District has any questions regarding this commitment, please contact Katy Mallory at the above-referenced telephone number.

Sincerely,

Mark Prince

MP/km

NOTE: This letter is sent in triplicate. Please acknowledge receipt on two copies and immediately return to the Infrastructure Council.

Boone County Public Service District

By:_____

Its: _____

Date:_____

cc: Mike Johnson, DEP
Debbie Legg, WVDO
Sherry Adams, COE
Samme Gee, Jackson Kelly
Greg Belcher, Chapman Technical Group
John Stump, Steptoe & Johnson
Wyatt Hanna

WEST VIRGINIA INFRASTRUCTURE & JOBS DEVELOPMENT COUNCIL

Boone County Public Service District
Wastewater Project
Project 2000S-553
September 8, 2005

SCHEDULE A

A. Approximate Amount: $1,379,459 Loan
$ 306,457 Grant

B. Loan: $1,379,459

1. Maturity Date: 40 years from date of closing.

2. Interest Rate: 0%

3. Loan Advancement Date(s) Monthly, upon receipt of proper requisition

4. Debt Service Commencement: The first quarter following completion of construction, which date must be identified prior to closing.

5. Reserve & Coverage Requirements:
   A. Reserve requirements: One year's annual debt service
   OR
   Funding one year's annual debt service over the first ten years
   B. Coverage 115% unless reserve fund is fully funded then coverage is 110%

C. Grant: $ 306,457

1. Grant Advancement Date(s): Monthly, upon receipt of proper requisition and after complete advancement of all IJDC loan funding.

2. Special Conditions: None

NOTICE: The terms set forth above are subject to change following the receipt of construction bids.

D. Other Funding Sources:

SCBG	$1,500,000
ARC	833,752
COE	1,500,000

E. Total Project Cost: $5,519,668

Project Schedule

9/8/2005

Project: Boone County PSD
County: Boone
Project Number: 2000S-553

Funding:

IJDC grant	306,457
IJDC loan	$1,379,459
COE grant	1,500,000
ARC grant	833,752
SCBG	1,500,000
TOTAL	$5,519,668

Action	Responsible Party	Completion
Engineering Agreement (E/A)	District / Chapman	complete
PSC approval of E/A	PSC	complete
Prepare & Submit Plans & Specs to BPH	Chapman	complete
Plans & Specs. Review & Approval	BPH	complete
Prepare & Submit all Permit Applications	Chapman	complete
Prepare Rule 42	Requesting waiver (no rate increase)	NA
Re-Open PSC case for COE PCA agreeement	Wyatt Hanna	September 19, 2005
File Certificate Case with PSC	Wyatt Hanna	September 19, 2005
Review & Approve PSC Certificate (6 months)	PSC	March 19, 2006
Rights-of-way, Easements & Land Acquisition	Wyatt Hanna	February 1, 2006
Authority to Advertise	IJDC	February 1, 2006
Advertise for Bids (30 days)	PSD / Chapman	February 15, 2006
Bid Opening (90 days)	PSD / Chapman	March 15, 2006
Loan Closing	Steptoe & Johnson	June 15, 2006
Start Construction (12 months)	Contractors	June 2007

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On the 16th day of April, 2008, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Boone County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received from the Issuer its Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in the principal amount of $1,200,000, numbered AR-1 (the "Series 2008 A Bonds"), dated April 16, 2008.

2. At the time of such receipt, all the Series 2008 A Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed thereon.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2008 A Bonds, the sum of $84,497, representing the initial advance of principal of the Series 2008 A Bonds.

[Remainder of Page Intentionally Blank]

WITNESS our respective signatures on the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Barbara B. Meadows
Its: Authorized Representative

BOONE COUNTY PUBLIC SERVICE DISTRICT

By: [illegible]
Its: Chairman

03.21.08
091620.00001

CH3150215.1

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

Boone County Public Service District (the "Issuer") hereby delivers the following to you on this 16th day of April, 2008.

(1) Bond No. AR-1, constituting the entire original issue of the Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, in the principal amount of $1,200,000, dated April 16, 2008 (the "Bonds"), executed by the Chairman and Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to the Resolution;

(2) A copy of the Resolution authorizing the above-captioned Bonds (the "Bonds") duly certified by the Secretary of the Issuer;

(3) Executed counterparts of a loan agreement dated April 16, 2008, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Bonds.

You are hereby requested and authorized to deliver the Bonds to the Authority upon payment to the Issuer of the sum of $84,497, representing the initial advance of principal of the Series 2008 A Bonds.

Prior to such delivery of the Bonds, you will please cause the Bonds to be authenticated and registered by an authorized officer, as Registrar, in accordance with the form of the Certificate of Authentication and Registration thereon.

Dated the day and year first written above.

BOONE COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

03.21.08
019620.00001

CH3150260.1

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
BOONE COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1

$1,200,000

This 16th day of April, 2008, KNOW ALL MEN BY THESE PRESENTS: That BOONE COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Boone County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION TWO HUNDRED THOUSAND DOLLARS ($1,200,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009, to and including March 1, 2048 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and among the Issuer, the Authority and the Council, dated April 16, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) paying the Step Loans; (iii) fully fund the Series 2008 A Bonds Reserve Account; and (iv) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage facilities of the Issuer, the Project and any further improvements and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the

"Act"), a Bond Resolution duly adopted by the Issuer on April 14, 2008, and a Supplemental Resolution duly adopted by the Issuer on April 14, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S SEWER REVENUE BONDS, SERIES 1993 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), FORMERLY DANVILLE PUBLIC SERVICE DISTRICT DATED JULY 30, 1993, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,384,319 (THE "SERIES 1993 A BONDS" OR THE "PRIOR BONDS")

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act, and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest, if any, hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, BOONE COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 16, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$84,497	April 16, 2008	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

$1,200,000
Boone County Public Service District (West Virginia)
0% Interest Rate, 40 Years
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	7,793.00	-	7,793.00
03/01/2010	7,793.00	-	7,793.00
06/01/2010	7,793.00	-	7,793.00
09/01/2010	7,793.00	-	7,793.00
12/01/2010	7,793.00	-	7,793.00
03/01/2011	7,793.00	-	7,793.00
06/01/2011	7,793.00	-	7,793.00
09/01/2011	7,793.00	-	7,793.00
12/01/2011	7,793.00	-	7,793.00
03/01/2012	7,793.00	-	7,793.00
06/01/2012	7,793.00	-	7,793.00
09/01/2012	7,793.00	-	7,793.00
12/01/2012	7,793.00	-	7,793.00
03/01/2013	7,793.00	-	7,793.00
06/01/2013	7,793.00	-	7,793.00
09/01/2013	7,793.00	-	7,793.00
12/01/2013	7,793.00	-	7,793.00
03/01/2014	7,793.00	-	7,793.00
06/01/2014	7,793.00	-	7,793.00
09/01/2014	7,793.00	-	7,793.00
12/01/2014	7,793.00	-	7,793.00
03/01/2015	7,793.00	-	7,793.00
06/01/2015	7,793.00	-	7,793.00
09/01/2015	7,793.00	-	7,793.00
12/01/2015	7,793.00	-	7,793.00
03/01/2016	7,793.00	-	7,793.00
06/01/2016	7,793.00	-	7,793.00
09/01/2016	7,793.00	-	7,793.00
12/01/2016	7,793.00	-	7,793.00
03/01/2017	7,793.00	-	7,793.00
06/01/2017	7,793.00	-	7,793.00
09/01/2017	7,793.00	-	7,793.00
12/01/2017	7,792.00	-	7,792.00
03/01/2018	7,792.00	-	7,792.00
06/01/2018	7,792.00	-	7,792.00
09/01/2018	7,792.00	-	7,792.00
12/01/2018	7,792.00	-	7,792.00
03/01/2019	7,792.00	-	7,792.00

$1,200,000
Boone County Public Service District (West Virginia)
0% Interest Rate, 40 Years
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2019	7,792.00	-	7,792.00
09/01/2019	7,792.00	-	7,792.00
12/01/2019	7,792.00	-	7,792.00
03/01/2020	7,792.00	-	7,792.00
06/01/2020	7,792.00	-	7,792.00
09/01/2020	7,792.00	-	7,792.00
12/01/2020	7,792.00	-	7,792.00
03/01/2021	7,792.00	-	7,792.00
06/01/2021	7,792.00	-	7,792.00
09/01/2021	7,792.00	-	7,792.00
12/01/2021	7,792.00	-	7,792.00
03/01/2022	7,792.00	-	7,792.00
06/01/2022	7,792.00	-	7,792.00
09/01/2022	7,792.00	-	7,792.00
12/01/2022	7,792.00	-	7,792.00
03/01/2023	7,792.00	-	7,792.00
06/01/2023	7,792.00	-	7,792.00
09/01/2023	7,792.00	-	7,792.00
12/01/2023	7,792.00	-	7,792.00
03/01/2024	7,792.00	-	7,792.00
06/01/2024	7,792.00	-	7,792.00
09/01/2024	7,792.00	-	7,792.00
12/01/2024	7,792.00	-	7,792.00
03/01/2025	7,792.00	-	7,792.00
06/01/2025	7,792.00	-	7,792.00
09/01/2025	7,792.00	-	7,792.00
12/01/2025	7,792.00	-	7,792.00
03/01/2026	7,792.00	-	7,792.00
06/01/2026	7,792.00	-	7,792.00
09/01/2026	7,792.00	-	7,792.00
12/01/2026	7,792.00	-	7,792.00
03/01/2027	7,792.00	-	7,792.00
06/01/2027	7,792.00	-	7,792.00
09/01/2027	7,792.00	-	7,792.00
12/01/2027	7,792.00	-	7,792.00
03/01/2028	7,792.00	-	7,792.00
06/01/2028	7,792.00	-	7,792.00
09/01/2028	7,792.00	-	7,792.00
12/01/2028	7,792.00	-	7,792.00
03/01/2029	7,792.00	-	7,792.00
06/01/2029	7,792.00	-	7,792.00
09/01/2029	7,792.00	-	7,792.00
12/01/2029	7,792.00	-	7,792.00
03/01/2030	7,792.00	-	7,792.00

$1,200,000
Boone County Public Service District (West Virginia)
0% Interest Rate, 40 Years
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2030	7,792.00	-	7,792.00
09/01/2030	7,792.00	-	7,792.00
12/01/2030	7,792.00	-	7,792.00
03/01/2031	7,792.00	-	7,792.00
06/01/2031	7,792.00	-	7,792.00
09/01/2031	7,792.00	-	7,792.00
12/01/2031	7,792.00	-	7,792.00
03/01/2032	7,792.00	-	7,792.00
06/01/2032	7,792.00	-	7,792.00
09/01/2032	7,792.00	-	7,792.00
12/01/2032	7,792.00	-	7,792.00
03/01/2033	7,792.00	-	7,792.00
06/01/2033	7,792.00	-	7,792.00
09/01/2033	7,792.00	-	7,792.00
12/01/2033	7,792.00	-	7,792.00
03/01/2034	7,792.00	-	7,792.00
06/01/2034	7,792.00	-	7,792.00
09/01/2034	7,792.00	-	7,792.00
12/01/2034	7,792.00	-	7,792.00
03/01/2035	7,792.00	-	7,792.00
06/01/2035	7,792.00	-	7,792.00
09/01/2035	7,792.00	-	7,792.00
12/01/2035	7,792.00	-	7,792.00
03/01/2036	7,792.00	-	7,792.00
06/01/2036	7,792.00	-	7,792.00
09/01/2036	7,792.00	-	7,792.00
12/01/2036	7,792.00	-	7,792.00
03/01/2037	7,792.00	-	7,792.00
06/01/2037	7,792.00	-	7,792.00
09/01/2037	7,792.00	-	7,792.00
12/01/2037	7,792.00	-	7,792.00
03/01/2038	7,792.00	-	7,792.00
06/01/2038	7,792.00	-	7,792.00
09/01/2038	7,792.00	-	7,792.00
12/01/2038	7,792.00	-	7,792.00
03/01/2039	7,792.00	-	7,792.00
06/01/2039	7,792.00	-	7,792.00
09/01/2039	7,792.00	-	7,792.00
12/01/2039	7,792.00	-	7,792.00
03/01/2040	7,792.00	-	7,792.00
06/01/2040	7,792.00	-	7,792.00
09/01/2040	7,792.00	-	7,792.00
12/01/2040	7,792.00	-	7,792.00
03/01/2041	7,792.00	-	7,792.00

$1,200,000
Boone County Public Service District (West Virginia)
0% Interest Rate, 40 Years
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2041	7,792.00	-	7,792.00
09/01/2041	7,792.00	-	7,792.00
12/01/2041	7,792.00	-	7,792.00
03/01/2042	7,792.00	-	7,792.00
06/01/2042	7,792.00	-	7,792.00
09/01/2042	7,792.00	-	7,792.00
12/01/2042	7,792.00	-	7,792.00
03/01/2043	7,792.00	-	7,792.00
06/01/2043	7,792.00	-	7,792.00
09/01/2043	7,792.00	-	7,792.00
12/01/2043	7,792.00	-	7,792.00
03/01/2044	7,792.00	-	7,792.00
06/01/2044	7,792.00	-	7,792.00
09/01/2044	7,792.00	-	7,792.00
12/01/2044	7,792.00	-	7,792.00
03/01/2045	7,792.00	-	7,792.00
06/01/2045	7,792.00	-	7,792.00
09/01/2045	7,792.00	-	7,792.00
12/01/2045	7,792.00	-	7,792.00
03/01/2046	7,792.00	-	7,792.00
06/01/2046	7,792.00	-	7,792.00
09/01/2046	7,792.00	-	7,792.00
12/01/2046	7,792.00	-	7,792.00
03/01/2047	7,792.00	-	7,792.00
06/01/2047	7,792.00	-	7,792.00
09/01/2047	7,792.00	-	7,792.00
12/01/2047	7,792.00	-	7,792.00
03/01/2048	7,792.00	-	7,792.00
Total	**$1,200,000.00**	-	**$1,200,000.00**

Yield Statistics

Bond Year Dollars	$24,899.51
Average Life	20.750 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.13E-10
Bond Yield for Arbitrage Purposes	1.13E-10
All Inclusive Cost (AIC)	1.13E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.750 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

April 16, 2008

Boone County Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

Boone County Public Service District
Danville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure & Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by the Boone County Public Service District (the "Issuer"), a public service district and political subdivision created and existing under the laws of the State of West Virginia, of its $1,200,000 Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement dated April 16, 2008, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest with principal installments payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009, to and including March 1, 2048, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of certain additions, betterments and improvements to the existing public sewerage system of the Issuer; (ii) paying the Step Loans; (iii) fully funding the Series 2008 A Bonds reserve Account; and (iv) paying certain costs of issuance and related costs.

Clarksburg, WV • Charleston, WV • Morgantown, WV • Martinsburg, WV • Wheeling, WV
Huntington, WV • Columbus, OH

TERRALEX

We have also examined the applicable provisions of the Act and the Bond Resolution duly enacted by the Issuer on April 14, 2008, as supplemented by a Supplemental Resolution duly adopted by the Issuer on April 14, 2008 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

1. The Issuer is a duly created and validly existing municipal corporation and political subdivision of the State of West Virginia, with full power and authority to acquire and construct the Project, to operate and maintain the System, to adopt the Bond Legislation and to issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and the Council and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the Council or diminish the obligations of the Issuer without the written consent of the Authority and the Council.

3. The Bond Legislation and all other necessary ordinances, orders and resolutions have been duly and effectively enacted and adopted by the Issuer in connection with the issuance and sale of the Bonds and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated July 30, 1993, issued in the original aggregate principal amount of $4,384,319 (the "Series 1993 A Bonds").

5. The Bonds are, under the Act, exempt from all taxation by the State of West Virginia, or any county, municipality or county commission, political subdivision or agency thereof, and the interest, if any, on the Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

6. The Bonds have not been issued on the basis that the interest thereon, if any, is or will be excluded from the gross income of the owners thereof for federal income tax purposes. We express no opinion regarding the excludability of such interest from the gross income of the owners thereof for federal income tax purposes or other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

04.02.08
091620.00001

H. Wyatt Hanna, III

ATTORNEY AT LAW

512 D STREET • P.O. BOX 8070 • SOUTH CHARLESTON, WEST VIRGINIA 25303
(304) 744-3150 • FAX (304) 744-3157

April 16, 2008

Boone County PSD
Danville, WV

WV Water Development Authority
Charleston, WV

WV Infrastructure & Jobs Development Council
Charleston, WV

Steptoe & Johnson PLLC
Charleston, WV

Re: Boone County Public Service District
Sewer Revenue Bonds, Series 2008 A
(WV Infrastructure Fund)

Ladies and Gentlemen:

I am counsel to Boone County Public Service District, a public service district, in Boone County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinions of Steptoe & Johnson PLLC, as bond counsel, the loan agreements for the Series 2008 A Bonds dated April 16, 2008, including all schedules and exhibits attached thereto (collectively, the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution duly adopted by the Issuer on April 14, 2008, as supplemented by the Supplemental Resolution duly adopted by the Issuer on April 14, 2008 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds") and orders of The County Commission of Boone County relating to the Issuer and the appointment of the members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

I am of the opinion that:

1. The Issuer has been duly created and is validly existing as a public service district and public corporation and political subdivision of the State of West Virginia.

2. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the Authority, constitutes a valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

4. The Bond Legislation has been duly adopted by the Issuer and is in full force and effect.

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement, and the Bond Legislation and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from the West Virginia Bureau for Public Health, The County Commission of Boone County, and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of resolution prescribing such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Recommended Decision entered January 16, 2006, and the Commission Order dated April 2, 2008, of the Public Service Commission of West

Virginia, in Case No. 05-1420-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the rates and charges for the System and the financing for the Project. The time for appeal of January 16, 2006, Order has expired prior to the date hereof without any appeal. Such Order is not subject to any further appeal, hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. The time for appeal of the Commission Order entered on April 2, 2008, has not expired prior to the date hereof, but the parties to such Order have indicated that they do not intend to appeal the Order. Both Orders remain in full force and effect.

7. To the best of my knowledge, there is no litigation, action, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the acquisition and construction of the Project, the operation of the System, the validity of the Bonds or the collection or pledge of the Net Revenues therefor.

8. I have verified that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

All counsel to this transaction may rely upon this opinion as if specifically addressed to them.

Very truly yours,

H. Wyatt Hanna, III

RECYCLED PAPER
RECYCABLE

H. Wyatt Hanna, III

ATTORNEY AT LAW

512 D STREET • P.O. BOX 8070 • SOUTH CHARLESTON, WEST VIRGINIA 25303
(304) 744-3150 • FAX (304) 744-3157

April 16, 2008

Boone County PSD
Danville, WV

WV Water Development Authority
Charleston, WV

WV Infrastructure & Jobs Development Council
Charleston, WV

Steptoe & Johnson PLLC
Charleston, WV

RE: Boone County Public Service District
Pond Fork Wastewwater Project

REAL PROPERTY TITLE OPINION

Ladies and Gentlemen:

I represent Boone County Public Service District ("District"), Boone County, West Virginia, with regard to the above referenced project. This Real Property Title Opinion is being provided to you to satisfy certain requirements of your agency with regard to the District's Pond Fork wastewater project. As such, please be advised of the following:

1. That I have investigated and ascertained the location of, and am familiar with the legal description of the necessary sites, including easements and/or rights-of-way for the project as described in Plans and Specifications prepared by Chapman Technical Group.

2. That I have examined the necessary records on file in the Office of the Clerk of the County Commission of Boone County, West Virginia, the county in which this project is to be located, and, in my opinion, the District has legal title or such other estate or interest in the necessary site components for the above referenced project, including 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 facilities to be constructed.

3. The District has obtained 100% of the necessary easements, rights of way and real property sites for this project. All deeds or other documents which have been acquired by the District have been recorded in the Office of the Clerk of the County Commission of Boone County, West Virginia, in order to protect the title and interest of the District.

4. That I have been advised by Chapman Technical Group, the consulting engineer for the District, that all of the necessary permits as may be required by governing authorities have been or will be acquired without delay to the construction of this project.

5. I have verified that all successful bidders have made required provisions for all insurance and payment and performance bonds and I have reviewed such insurance policies or binders and such bonds for accuracy. I have reviewed the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verified that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

If you should have any questions regarding this matter or any of the information contained in this letter, please do not hesitate to contact me.

Sincerely,

H. Wyatt Hanna, III

HWHIII/rb

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PAYMENT OF STEP LOANS
16. PUBLICATION OF NOTICE PSC FILING
17. SPECIMEN BONDS
18. CONFLICT OF INTEREST
19. PROCUREMENT OF ENGINEERING SERVICES
20. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Boone County Public Service District in Boone County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify this 16th day of April, 2008 in connection with the Issuer's Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) dated the date hereof (the "Bonds" or the "Series 2008 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted April 14, 2008, and a Supplemental Resolution of the Issuer duly adopted April 14, 2008 (collectively, the "Bond Legislation"), when used herein.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the pledge or application of moneys and security or the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

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

4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer since the approval, execution and delivery by the Issuer of the Loan Agreement, and the Issuer has met all conditions prescribed in the Loan Agreement. The Issuer has or can provide the financial, institutional, legal and managerial capabilities necessary to complete the Project.

The Issuer has outstanding its Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated July 30, 1993, issued in the original aggregate principal amount of $4,384,319 (the "Series 1993 A Bonds" or the "Prior Bonds")

The Series 2008 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects.

The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met, and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2008 A Bonds on a parity with the Prior Bonds. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Resolution

Supplemental Resolution

Loan Agreement for Series 2008 A Bonds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating and Enlarging District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting and on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

Prior Bonds Resolution

Consent of West Virginia Water Development Authority

Evidence of Insurance

Receipt and release of Step Loans

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Boone County Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Boone County and presently existing under the laws of, and a political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 5 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Clarence V. Waller	April 1, 1999	April 1, 2011
Grady Hayer	March 6, 2007	March 20, 2013
Paul Ritchie	April 1, 2003	March 30, 2009
Broaddus Lorrison	April 1, 2005	March 30, 2011
Mary Katrine Roy	April 1, 2007	March 30, 2013

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2008 are as follows:

Chairman	-	Clarence V. Waller
Secretary/Treasurer	-	Grady Hayner

The duly appointed and acting counsel to Issuer is H. Wyatt Hanna, III, Esquire of South Charleston, West Virginia.

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

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable in accordance with the Bond Legislation and the Loan Agreement. All insurance for the System required by the Bond Legislation and the Loan Agreement is in full force and effect.

10. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in

the Loan Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreement.

11. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered on January 16, 2006, in Case No. 05-1420-PSD-CN, among other things, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the Order has expired prior to the date hereof without any appeal. Such Order is in full force and effect.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Orders of the Public Service Commission of West Virginia, entered January 16, 2006 and Commission Order dated April 2, 2008 in Case No. 05-1420-PSD-CN, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Order dated January 16, 2006 has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order entered on April 2, 2008 has not expired prior to the date hereof, but the parties to such Order have indicated that they do not intend to appeal the Order. Both Orders remain in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon the Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $84,497 from the Council and the Authority, being a portion of the principal amount of the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PAYMENT OF STEP LOANS: The Issuer will pay the sum of $32,825 to the Authority to pay in full the entire outstanding principal and service charges on the Step Loans including (i) Step I Loan by and between the Authority and Van Public Service District, formerly South Boone Public Service District, dated June 22, 1977, issued in the original aggregate principal amount of $6,250 bearing a service charge of $62.50; (ii) Step I Loan by and between the Authority and Coal River Public Service District, dated May 12, 1982, issued in the original aggregate principal amount of $20,000 bearing a service charge of $200; and (iii) the loan by and between the Authority and the Spruce Fork Public Service District, formerly South Boone Public Service District, dated June 3, 1977, issued in the original aggregate principal amount of $6,250 (collectively, the "Step Loans").

16. PUBLICATION OF NOTICE OF PSC FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended.

17. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

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

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

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of BOONE COUNTY PUBLIC SERVICE DISTRICT the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer

091620.00001

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Robert G. Belcher, Registered Professional Engineer, West Virginia License No. 13093, of Chapman Technical Group, Ltd., St. Albans, West Virginia, hereby certifies this 16th day of April, 2008:

1. My firm is engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing Pond Fork sewerage system (the "System") of Boone County Public Service District (the "Issuer") to be constructed primarily in Boone County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on April 14, 2008, as supplemented by the Supplemental Resolution adopted by the Issuer on April 14, 2008, and the loan agreements for the Series 2008 A Bonds by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated April 16, 2008 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; (ii) paying the Step Loans; (iii) fully funding the Series 2008 A Bonds Reserve Account; and (iv) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Authority and the Bureau for Public Health (the "BPH"), and any change orders approved by the Issuer, the BPH, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty (40) years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, H. Wyatt Hanna, III, Esquire, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all

critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, Imre Penteck, CPA, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Letter of Conditions and the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Authority and the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on this day and year first written above.

CHAPMAN TECHNICAL GROUP

(SEAL)

ROBERT G. BELCHER
REGISTERED
No. 13093
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER
091620 00001

Robert G. Belcher, P. E.
West Virginia License No.13093

Boone County PSD Schedule B April 2, 2008

A. COST OF PROJECT	TOTAL	IJDC Loan/Grant	US COE	SCBG	ARC	County
1 Construction						
Contract 1 (WWTP)	2,798,000.00	807,416.16	1,925,000.00	0.00	0.00	65,583.84
Contract 2	1,426,261.00	67,261.00	0.00	1,359,000.00	0.00	0.00
Contract 3	1,188,599.25	532,282.84	0.00	111,000.00	545,316.41	0.00
Contract 4 - Sludge Truck	176,222.00	0.00	0.00	0.00	0.00	176,222.00
Dump Truck (to be bid at end)	80,000.00	0.00	0.00	0.00	0.00	80,000.00
2 Engineering						
Planning	40,000.00	0.00	30,000.00	0.00	0.00	10,000.00
Design	525,680.78	0.00	295,000.00	0.00	0.00	230,680.78
Re Design	73,167.88	0.00	0.00	0.00	0.00	73,167.88
Inspection	219,250.00	0.00	0.00	0.00	0.00	219,250.00
3 US COE Admin	60,000.00	0.00	0.00	0.00	0.00	60,000.00
4 Legal (Hanna)	27,000.00	0.00	0.00	0.00	0.00	27,000.00
5 Accounting	5,000.00	0.00	0.00	0.00	0.00	5,000.00
6 Admin - Region III	45,000.00	15,000.00	0.00	30,000.00	0.00	0.00
7 Easements	15,000.00	0.00	0.00	0.00	0.00	15,000.00
8 Land Acquisition	5,000.00	0.00	0.00	0.00	0.00	5,000.00
9 Power to Site	25,000.00	0.00	0.00	0.00	0.00	25,000.00
10 Permits	42,500.00	0.00	0.00	0.00	0.00	42,500.00
11 Step Loans	32,825.00	32,825.00	0.00	0.00	0.00	0.00
12 Contingency	354,031.09	0.00	0.00	0.00	288,435.59	65,595.50
13 TOTAL of Lines 1 through 12	7,138,537.00	1,454,785.00	2,250,000.00	1,500,000.00	833,752.00	1,100,000.00
B. COST OF FINANCING						
14 Funded Reserves	31,172.00	31,172.00	0.00	0.00	0.00	0.00
15 Registrar fees	500.00	500.00	0.00	0.00	0.00	0.00
16 Bond Counsel (S&J)	20,000.00	20,000.00	0.00	0.00	0.00	0.00
17 Cost of Issuance (lines 14 through 16)	51,672.00	51,672.00	0.00	0.00	0.00	0.00
18 TOTAL PROJECT COST line 13 plus line 17	7,190,209.00	1,506,457.00	2,250,000.00	1,500,000.00	833,752.00	1,100,000.00
C. SOURCES OFOTHER FUNDS						
19 Federal Grants	4,583,752.00	0.00	2,250,000.00	1,500,000.00	833,752.00	
20 State grants	306,457.00	306,457.00				
21 Other Grants	1,100,000.00	0.00				1,100,000.00
22 Any Other Source	0.00	0.00				
23 TOTAL GRANTS Lines 19 through 22	5,990,209.00	306,457.00	2,250,000.00	1,500,000.00	833,752.00	1,100,000.00
24 Size of Bond Issue (line 18 minus line 23)	1,200,000.00	1,200,000.00	0.00	0.00	0.00	0.00

Boone County PSD

4-14-08
Date

Chapman Technical Group

4-8-08
Date

Imre David Pentek, CPA

P.O. Box 1390 Lewisburg, WV 24901 (304) 647-3949
Fax: (304) 647-3498 E-Mail: imre@writeme.com

April 16, 2008

Boone County Public Service District
Sewer Revenue Bonds, Series 2008A
(West Virginia Infrastructure Fund)

Boone County Public Service District
Danville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia entered January 19, 2006, in Case No. 05-1420-PSD-CN and the current operation and maintenance expenses and customer usage as furnished to us by Boone County Public Service District (the "Issuer"), it is my opinion that such rates and charges will be sufficient to provide revenues which, together, with other revenues of the sewerage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Revenue Bonds, Series 2008A (West Virginia Infrastructure Fund) (the "Bonds"), to be issued to the West Virginia Water Development Authority on the date hereof, and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with or junior to the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated July 30, 1993, issued in the original aggregate principal amount of $4,384,319 (the "Prior Bonds").

It is further my opinion that the Net Revenues actually derived from the System (excluding non-recurring expenses from the 2007 fiscal year and expenses that will be reimbursed by a county grant commitment) during any 12 consecutive months, within the 18 months immediately preceding the date of actual issuance of the Bonds, plus estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, if any, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds.

Very truly yours,

Imre D. Pentek, CPA

America Counts on CPAs

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Boone County Public Service District in Boone County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) of the Issuer dated April 16, 2008 (the "Bonds" or the "Series 2008 A Bonds"), hereby certify this 16th day of April, 2008:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on April 14, 2008 as supplemented by Supplemental Resolution duly adopted by the Issuer on April 14, 2008 (collectively, the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on April 16, 2008, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2008 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2008 A Bonds, bearing no interest, were sold on April 16, 2008, to the Authority, pursuant to a loan agreement dated April 16, 2008, by and among the Issuer, the Authority and the Council, for an aggregate purchase price of $1,200,000 (100% of par), at which time, the Issuer received $84,497 from the Authority and the Council, being the first advance of the principal amount of the Series 2008 A Bonds. The balance of the principal amount of the Series 2008 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2008 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage facilities of the Issuer (the "Project"); (ii) paying the Step Loans; (iii) fully funding the Series 2008 A Bonds reserve Account; and (iv) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Series 2008 A Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before August 1, 2009. The acquisition and construction of the Project is expected to be completed by May 1, 2009.

8. The total cost of the Project financed from the proceeds of the Bonds described below is estimated at $7,190,209. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2008 A Bonds	$1,200,000
Appalachian Regional Commission Grant	833,752
U.S. Corps of Engineers Grant	2,250,000
Small Cities Block Grant	1,500,000
Council Grant	306,457
Boone County Commission Grant	1,100,000
Total Sources	$7,190,209

USES	
Cost of Project	$7,105,712
Paying Step Loans	32,825
Funding Series 2008 A Bonds Reserve Account	31,172
Cost of Issuance of Series 2008 A Bonds	20,500
Total Uses	$7,190,209

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2008 A Bonds:

(1) Revenue Fund (established by Prior Resolution);

(2) Renewal and Replacement Fund (established by Prior Resolution);

(3) Series 2008 A Bonds Construction Trust Fund;

(4) Series 2008 A Bonds Sinking Fund;

(5) Series 2008 A Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited in the Series 2008 A Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2008 A Bonds and related costs.

11. A. Monies held in the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2008 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and Series 2008 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2008 A Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

13. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

14. With the exception of the amount deposited in the Series 2008 A Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2008 A Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

16. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

17. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental bonds.

23. The Issuer has either (a) funded the Series 2008 A Bonds Reserve Account at the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2008 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2008 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest, if any, which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2008 A Bonds Reserve Account and the Series 2008 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2008 A Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

27. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

WITNESS my signature on the day and year first written above.

BOONE COUNTY PUBLIC SERVICE
DISTRICT

Chairman

04.02.08
091620.00001

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 13th day of July, 1999.

CASE NO. 99-0108-PSWD-PC

BOONE COUNTY COMMISSION
Petition for consent and approval for the consolidation of Coal River Public Service District, Van Public Service District and Danville Public Service District with Boone County Public Service District.

COMMISSION ORDER
WAIVING EXCEPTION PERIOD

On July 8, 1999, Administrative Law Judge Robert W. Glass entered a Recommended Decision which, among other things, approved the consolidation of the Coal River, Van and Danville Public Service Districts with the Boone County Public Service District.

On July 13, 1999, Gene Kuhn, President, Boone County Commission, filed a letter requesting a waiver of the fifteen day period of time in which a party may file exceptions to the Recommended Decision. Mr. Kuhn's letter also asked for expedited treatment of his request. Commission Staff has indicated it has no objection to granting said waiver.

West Virginia Code §24-1-9 provides a time period of at least twenty (20) days from the date of a recommended order until it becomes effective. According to West Virginia Code §24-1-9(c), at least fifteen (15) days must be afforded the parties within which to file exceptions. In addition, §24-1-9(e) provides that when no exceptions are filed within the specified time period, the Commission shall have an additional five (5) days within which to stay or postpone the order.

The Commission is of the opinion and belief that said requests of waiver received by the Commission on July 13, 1999, should be granted.

IT IS, THEREFORE, ORDERED that the requested waiver be, and the same hereby is, granted.

IT IS FURTHER ORDERED that the Administrative Law Judge's Recommended Decision

in this matter becomes final (5) days after the date of this order.

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

SS/s
990108s.wpd

in this matter becomes final (5) days after the date of this order.

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

SS/s
990108s.wpd

7/12/99

At a REGULAR session of the County Commission of Boone County, est Virginia, held at the Courthouse thereof on the 12th. day of July, 1999, the following order was made and entered.

SUBJECT: CASE NO. 99-0108-PSWD-PC BOONE COUNTY COMMISSION
CONSOLIDATION OF COAL RIVER, VAN AND DANVILLE PSDs

The following motion was offered by Commissioner Gordon Eversole:

That the Boone County Commission hereby authorize its President, Gene Kuhn, to sign on its behalf, the letter to Sandra Squire, PSC, requesting that the 15 day waiting period for the above named case be waived and that the recommended order become effective as of the date entered (July 8, 1999). Further, that the sitting Boone County PSD Water Board hereby be appointed as Boone County PSD for water and sewer, effected upon PSC approval of the above request.

A copy of this Order has been sent to the Boone County PSD Board Members: Broaddus Lorrison, Lyle Roy, Clarence V. Waller, Richard Browning and Gary Dickerson.

The adoption of the foregoing motion, having been made Gordon Eversole, Commissioner, and duly seconded by Gene Kuhn, Commissioner, the vote thereon was as follows:

Gene Kuhn, President .....AYE

J. M. "Mickey" Protan, Commissioner.....AYE

Gordon Eversole, Commissioner .....AYE

Whereupon, Gene Kuhn, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Gene Kuhn, President

J. M. "Mickey" Protan, Commissioner

Gordon Eversole, Commissioner

7/8/99

990108alj070899.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7-18-99 by
Commission
Order following

Entered: July 8, 1999

CASE NO. 99-0108-PSWD-PC

BOONE COUNTY COMMISSION
Petition for consent and approval for the consolidation of Coal River Public Service District, Van Public Service District and Danville Public Service District with Boone County Public Service District.

RECOMMENDED DECISION

On December 23, 1998, the Boone County Commission filed a petition requesting Public Service Commission approval of the consolidation of the Coal River, Van and Danville Public Service Districts with the Boone County Public Service District.

By Order dated February 1, 1999, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before July 14, 1999.

On April 14, 1999, Staff Attorney Meyishi Blair filed the Final Joint Staff Memorandum in which Staff recommended that this case be set for hearing in order to fulfill the statutory requirements of West Virginia Code §16-13A-2, in both Boone and Logan Counties, since the Boone County Public Service District will encompass all of Boone County, except the area served by the Boone-Raleigh Public Service District. A small portion of the existing area of the Boone County Public Service District extends into Logan County.

By Order dated April 20, 1999, this matter was set for hearings to be held in both Boone and Logan County. A hearing was scheduled to be held in the County Commission Chambers, Boone County Courthouse Annex, Madison, West Virginia, on May 19, 1999, at 10:00 a.m. A hearing was also scheduled to be held in Logan County, in the County Commission's Meeting Room, Room 104, Logan County Courthouse, Logan, West Virginia, on May 19, 1999, at 1:00 p.m.

The Order of April 20, 1999, required the Boone County Commission to give notice of the hearings to be held in this matter on May 19, 1999, by publishing a copy of a Notice of Hearing, once, in a newspaper, duly

qualified by the Secretary of State, published and of general circulation in Boone and Logan Counties.

The hearings were held as scheduled in both Boone and Logan Counties.

At the hearing held in Boone County, Commissioner Gordon Everole appeared on behalf of the Boone County Commission. Staff was represented by Ms. Meyishi Blair. No one appeared in protest to the petition.

Ms. Carma Mahone was called as a witness by Staff.

Ms. Mahone is the Assistant County Administrator for the Boone County Commission. She explained that, on April 20, 1999, some documentation was filed with the Public Service Commission, including affidavits substantiating that the posting and the publication of the public hearing, as required by West Virginia Code §§16-13A-2c, d and g, had been done properly. Staff opined that, upon review of the documents submitted, it appears they substantially comply with the required documentation. Ms. Mahone further explained that the publication of the Notice of Hearing was made in The Coal River News, which, while published in Boone County, is also considered to be a newspaper of general circulation in Logan County, as it has under distribution in Logan County. Ms. Blair represented that it was her understanding that, in a prior Boone County Commission case, Case No. 98-0464-PWD-PC, the same public service districts were enlarged and merged for water only. At that time and for the purposes of publication, The Coal Valley News was used as a newspaper of general circulation in Logan County, as well as Boone County. With the testimony of Ms. Mahone, no further evidence was presented by Staff and the matter was submitted for a decision. (Boone County Tr., pp. 5-9).

At the hearing held in Logan County, Commission Staff was represented by Ms. Blair. The Affidavit of Publication introduced at the Boone County hearing was accepted as being an affidavit for Logan County, as was established by Ms. Mahone in her testimony at the Boone County hearing. No one appeared in protest and the case was submitted for a decision. (See, Logan County, Tr., pp. 4-5).

FINDINGS OF FACT

1. On December 23, 1998, the Boone County Commission filed a petition requesting Public Service Commission approval of its proposed consolidation of the Coal River, Van and Danville Public Service Districts with the Boone County Public Service District. (See, Petition).

2. On April 14, 1999, Staff Attorney Meyishi Blair filed the Final Joint Staff Memorandum in which Staff recommended that the case be set for hearings in both Boone and Logan Counties, since the Boone County Public Service District will encompass all of Boone County, except the

Public Service Commission
of West Virginia
Charleston

qualified by the Secretary of State, published and of general circulation in Boone and Logan Counties.

The hearings were held as scheduled in both Boone and Logan Counties.

At the hearing held in Boone County, Commissioner Gordon Everole appeared on behalf of the Boone County Commission. Staff was represented by Ms. Meyishi Blair. No one appeared in protest to the petition.

Ms. Carma Mahone was called as a witness by Staff.

Ms. Mahone is the Assistant County Administrator for the Boone County Commission. She explained that, on April 20, 1999, some documentation was filed with the Public Service Commission, including affidavits substantiating that the posting and the publication of the public hearing, as required by West Virginia Code §§16-13A-2c, d and g, had been done properly. Staff opined that, upon review of the documents submitted, it appears they substantially comply with the required documentation. Ms. Mahone further explained that the publication of the Notice of Hearing was made in The Coal River News, which, while published in Boone County, is also considered to be a newspaper of general circulation in Logan County, as it has under distribution in Logan County. Ms. Blair represented that it was her understanding that, in a prior Boone County Commission case, Case No. 98-0464-PWD-PC, the same public service districts were enlarged and merged for water only. At that time and for the purposes of publication, The Coal Valley News was used as a newspaper of general circulation in Logan County, as well as Boone County. With the testimony of Ms. Mahone, no further evidence was presented by Staff and the matter was submitted for a decision. (Boone County Tr., pp. 5-9).

At the hearing held in Logan County, Commission Staff was represented by Ms. Blair. The Affidavit of Publication introduced at the Boone County hearing was accepted as being an affidavit for Logan County, as was established by Ms. Mahone in her testimony at the Boone County hearing. No one appeared in protest and the case was submitted for a decision. (See, Logan County, Tr., pp. 4-5).

FINDINGS OF FACT

1. On December 23, 1998, the Boone County Commission filed a petition requesting Public Service Commission approval of its proposed consolidation of the Coal River, Van and Danville Public Service Districts with the Boone County Public Service District. (See, Petition).

2. On April 14, 1999, Staff Attorney Meyishi Blair filed the Final Joint Staff Memorandum in which Staff recommended that the case be set for hearings in both Boone and Logan Counties, since the Boone County Public Service District will encompass all of Boone County, except the

Public Service Commission
of West Virginia
Charleston

area served by the Boone-Raleigh Public Service District. A small portion of the existing territory of the Boone County Public Service District extends into Logan County. Staff Attorney Meyishi Blair represented that, in Case No. 98-0464-PWD-PC dealing with a similar issue, the Public Service Commission approved action based upon publication in the Coal Valley News for providing notice in Logan County. (See, Staff Memorandum filed April 14, 1999).

3. In an Order dated April 20, 1999, this matter was set for hearings to be held in both Boone and Logan Counties on May 19, 1999, beginning at 10:00 a.m. and 1:00 p.m., respectively. Said Order also provided that the Boone County Commission publish a Notice of Hearing, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Boone County. (See, Order dated April 20, 1999).

4. The hearings were held as scheduled on May 19, 1999, in both Boone and Logan Counties. (See, Transcripts, case file).

5. At the hearing held in Boone County, an Affidavit of Publication was received reflecting that publication was made in accordance with the Commission's requirements in Boone County. (See, Boone County Tr., p. 7).

6. Carma Mahone, Assistant Administrator for the Boone County Commission, testified that The Coal Valley News, in which publication of the Notice of Hearing was made, had been determined at an earlier Public Service Commission hearing to be a newspaper of general circulation in Logan County, as well as Boone County.

7. Staff Attorney Meyishi Blair represented that, in Case No. 98-0464-PWD-PC, which involved the same public service districts, the Coal Valley News had been used as a newspaper of general circulation in both Boone and Logan Counties and this was accepted by the Commission. (See, Boone County Tr., p. 8).

8. No one appeared at the hearings held in Boone or Logan Counties to protest the petition. (See, Boone County Tr., p. 9, and Logan County Tr., p. 5).

CONCLUSIONS OF LAW

1. Since, in Case No. 98-0464-PWD-PC[1], the Commission approved a petition of the Boone County Commission, using only The Coal Valley News

---

[1] Case No. 98-0464-PWD-PC was also a Boone County Commission case involving both Boone and Logan Counties. At the hearing, Staff represented that the Coal Valley News had been used for publication in both counties. The Commission's Order of June 18, 1998, approved the Boone County petition indicating that publication had been made in Boone and Logan Counties and no one protested.

Public Service Commission
of West Virginia
Charleston

as a newspaper of general circulation for both Boone and Logan Counties, the Boone County Commission's publication in The Coal Valley News will be considered for the purposes of this Order to satisfy the publication requirements of this case.

2. Since the Notice of Hearing was properly published by the Boone County Commission in both Boone and Logan Counties and no one appeared to protest the petition of the Boone County Commission at either hearing, the petition of the Boone County Commission, filed on December 23, 1998, can be approved as unprotested.

ORDER

IT IS, THEREFORE, ORDERED that the January 11, 1999 Order of the Boone County Commission consolidating the Coal River, Van and Danville Public Service Districts with the Boone County Public Service District, be, and the same hereby is, approved.

IT IS FURTHER ORDERED that the Boone County Commission implement the Staff recommendations set forth in its Memorandum of January 28, 1999, as set forth in Appendix A to this Order.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:jas
990108aa.wpd

Public Service Commission
of West Virginia
Charleston

as a newspaper of general circulation for both Boone and Logan Counties, the Boone County Commission's publication in The Coal Valley News will be considered for the purposes of this Order to satisfy the publication requirements of this case.

2. Since the Notice of Hearing was properly published by the Boone County Commission in both Boone and Logan Counties and no one appeared to protest the petition of the Boone County Commission at either hearing, the petition of the Boone County Commission, filed on December 23, 1998, can be approved as unprotested.

ORDER

IT IS, THEREFORE, ORDERED that the January 11, 1999 Order of the Boone County Commission consolidating the Coal River, Van and Danville Public Service Districts with the Boone County Public Service District, be, and the same hereby is, approved.

IT IS FURTHER ORDERED that the Boone County Commission implement the Staff recommendations set forth in its Memorandum of January 28, 1999, as set forth in Appendix A to this Order.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:jas
990108aa.wpd

APPENDIX A

BOONE COUNTY COMMISSION

CASE NO. 99-0108-PSWD-PC

STAFF-RECOMMENDATIONS

1. The cash assets of the Van Public Service District and Danville Public Service District, other than restricted bond reserve, shall be placed in an interest bearing account for repairs, replacements and extensions to Van Public Service District and Danville Public Service District.

2. The Boone County Public Service District shall adopt the Van Public Service District and Danville Public Service District tariffs and continue to charge their customers by these tariffs. The Boone County Public Service District shall maintain a separate financial and statistical account of each District's operations.

3. After all financial obligations of Van Public Service District and Danville Public Service District are met, any surplus cash shall be deposited into the restricted cash account as set forth in Staff Recommendation No. 1.

4. The Boone County Public Service District shall file a rate case after 18 months of consolidated operation so that the Public Service Commission can determine an adequate rate structure for the consolidated utility.

Rob 2-1-99

ORIGINAL

RECEIVED
99 FEB 16 AM 10:35
W.V. ... SERVICE
SECRETARY'S OFFICE

BEFORE THE PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
CHARLESTON

INITIAL JOINT STAFF MEMORANDUM

TO: SANDRA SQUIRE
Executive Secretary

DATE: February 1, 1999

FROM: MEYISHI BLAIR, ESQ.
Legal Division

SUBJECT: CASE NO. 99-0108-PWD-PC
BOONE COUNTY COMMISSION

On December 23, 1998, the Boone County Commission (County Commission) filed a petition with the West Virginia Public Service Commission (PSC or Commission) seeking the Commission's review and approval of its proposed consolidation of certain districts, namely, the Coal River Public Service District, the Van Public Service District, and the Danville Public Service District with the Boone County Public Service District. It appears from the filing that after consolidation and expansion, the Boone County Public Service District will be the surviving entity. The Commission's tariff office indicates that the Boone County Public Service District has been certificated to provide water service in certain areas of Boone County.

This petition was placed on the Commission's docket of active cases on January 12, 1999.

According to the Technical Staff's response to the petition received by this Staff Attorney on February 1, 1999, the Coal River, Van and Danville Public Service Districts were established to provide both water and sewer service. However, the Coal River Public Service District, according to Technical Staff, does not own or operate a sewer system. Once the proposed consolidation and expansion is completed, the Boone County Public Service District will provide both water and sewer service in Boone County for all area except that area of Boone County that is served presently by the Boone-Raleigh Public Service District. Petition, p. 2. The County Commission also seeks to expand the boundaries of the Boone County Public Service District to achieve its objective. Id.

If Staff Counsel has correctly understood the County Commission's petition, the following should have been done by the County Commission in order to be in compliance with the statutory requirements of West Virginia Code §16-13A-2.

(1) The County Commission should have posted in five conspicuous places in the Coal River, Van, Danville, and Boone County Public Service Districts a notice containing the same information as is contained in the published notice (Class I advertisement) that is required (West Virginia Code §16-13A-2(c), (d) and (g)); and,

(2) The County Commission should provide affidavits which substantiate that the posting as required and the publication as required were done. Also, the County Commission should provide

55 pd
W/WD
E Melton
AW
L.C.

a copy of the minutes of its January 11, 1999 hearing concerning the consolidation and expansion that it proposes to do.

An examination of the County Commission's petition reveals that:

Either the County Commission did not post in five conspicuous places in the Boone County Public Service District the notice (Class I advertisement) or the County Commission has failed to provide the affidavit of posting regarding where the notice was posted in the Boone County Public Service District. Further, the County Commission needs to provide a copy of the minutes of its January 11, 1999 hearing held relative to the consolidation and expansion that it proposes to do. Finally in this regard, the County Commission did not timely submit a copy of its order concerning the proposed consolidation and expansion to the Commission as the order was entered on December 7, 1998, and the same was received at the PSC on December 23, 1998. Code §16-13A-2(f).

As you will note from Technical Staff's memorandum, Technical Staff recommends, among other things, approval of the petition. Staff Counsel notes that in Canyon Public Service District v. Tasa Coal Company, 195 S.E.2d 647 (1973), that the Court found that the failure to do the posting and publication requirements of Code §16-13A-2 were not crucial since there were no objections either before, during or after the County Commission's hearing to the creation of the Canyon Public Service District or to the procedures employed in its creation. Accordingly the Court ruled that substantial compliance was sufficient. Id., at 652. In accord with this Court decision, Staff Counsel would find substantial compliance, if the minutes of the County Commission's hearing held on January 11, 1999, evidences no objections to the consolidation and expansion or to the procedures employed in the obtaining the consolidation and expansion.

With regard to the Executive Secretary's docketing of this case, the case designation should include "PSD" as well. Additionally, the case/petition description should include after Boone County PSD "for provision of water and sewer service."

Once the County Commission has responded to the issues set forth in this memorandum, Staff Counsel will provide a recommendation.

Attachment
REH
ALS
990108

PUBLIC SERVICE COMMISSION OF W. Va.

INITIAL, FURTHER AND FINAL INTERNAL MEMORANDUM

DATE: January 28, 1999

TO: Cecilia Jarrell, Staff Attorney
Legal Division

FROM: Charles Knurek, Senior Utility Analyst CK
Water and Wastewater Division

SUBJECT: Case No. 99-0108-PWD-PC
Boone County Commission
(Initial, Further and Final)

RECEIVED
99 FEB -1 AM 10: 37
PUBLIC SERVICE COMM.
LEGAL DIVISION

On January 12, 1999, the Boone County Commission filed a petition requesting Public Service Commission approval to consolidate the sewer authority of the Coal River Public Service District, Van Public Service District - Sewer, and Danville Public Service District - Sewer with the Boone County Public Service District. The Boone County Commission states that it will hold a public hearing on January 11, 1999, in accordance with the provisions of West Virginia Code §16-13A-2. The County Commission has submitted an adopted Resolution which sets forth the proposed consolidation.

The Van Public Service District was created in 1967, to provide both water and sewer service within its established boundaries. The District serves approximately 230 sewer customers.

The Coal River Public Service District was created in 1966, to provide both water and sewer service. The District does not own or operate a sewer system.

The Danville Public Service District was created in 1973, to provide water and sewer service. The water system is operated through a contract with the West Virginia-American Water Company. The sewer system was completed in the last five years and provides service to approximately 1,600 customers.

Technical Staff has been involved with the activities of the Boone County Commission for several months, assisting in the consolidation of these Districts. Staff notes that the Boone County Commission held its public hearing on January 11, 1999, and there were no significant protests to the consolidation of the Districts. The main concern was the rates to be charged to the consolidated customer base. Staff explained that existing rates for each District would remain in effect until such time

as a Class Cost of Service Study could be performed and rates would be designed for all customers to be served. As the areas served by the Boone County Public Service District expanded, the rates and charges would be adjusted accordingly.

Staff recommends the following:

(1) Approval of the Boone County Commission's petition to consolidate the sewer authority of the Coal River Public Service District, Van Public Service District - Sewer and Danville Public Service District - Sewer with the Boone County Public Service District be granted.

(2) The cash assets of the Van Public Service District and Danville Public Service District, other than restricted bond reserve, shall be placed in an interest bearing account for repairs, replacements and extensions to Van Public Service District and Danville Public Service District.

(3) The Boone County Public Service District shall adopt the Van Public Service District and Danville Public Service District tariffs and continue to charge their customers by these tariffs. The Boone County Public Service District shall maintain a separate financial and statistical account of each of the District's operation.

(4) After all financial obligations of Van Public Service District and Danville Public Service District are met, any surplus cash shall be deposited into the restricted cash account as set forth in Staff Recommendation No. 2.

(5) That the Boone County Public Service District shall file a rate case after 18 months of consolidated operation so that the Public Service Commission can determine an adequate rate structure for the consolidated utility.

CK:pla

for MWW

Glass

Boone County Commission

Boone County Courthouse Annex
206 Court Street • Suite 300
Madison, WV 25130

Phone (304) 369-7301
Fax (304) 369-7306

J. M. "MICKEY" PROTAN GENE KUHN GORDON EVERSOLE

ORIGINAL

April 27, 1999

Ms. Sandra Neal
Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
P. O. Box 812
Charleston, West Virginia 25323

RE: CASE NO. 99-0108-PSWD-PC
BOONE COUNTY COMMISSION

Dear Ms. Neal:

On January 11, 1999, the Boone County Commission held a public hearing regarding the above-referenced consolidation and expansion case. There being no objections given either in written or oral form, the Boone County Commission then entered an order to proceed with the consolidation and expansion as proposed. Please find enclosed the following:

1. Copies of Affidavits substantiating that the posting and publication of the public hearing, as required by *West Virginia Code* § 16-13A-2(c), (d) and (g).

2. Copy of the Order entered January 11, 1999, by the Boone County Commission to proceed with the consolidation and expansion, as proposed.

If there are questions or you have need of further information, please contact us.

Very truly yours,

Carma Mahon

Carma Mahon
Asst. County Administrator

Enclosures (3)

Legal
SS
W/WD
E Metton
AW

AFFIDAVIT OF PUBLICATION

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

I, Janet Yeager, being duly sworn, upon my oath, do depose and say that I am Publisher of the corporation entitled Boone County Newspapers, Inc., publishers of the COAL VALLEY NEWS, that such newspaper has been published for more than one year prior to publication of the approved notice described below; that such newspaper is regularly published weekly, for at least fifty weeks during the calendar year, in the municipality of Madison, Boone County, West Virginia; that such newspaper is a newspaper of "general circulation" as that term is defined in article three, 1931, as amended, within the publication area of the aforesaid municipali- ; that such newspaper averages in length four or more pages, exclusive of any cover per issue; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature and for current happenings, announcements, miscellaneous reading matters, advertisements and other notices;

that the annexed notice of Boone Co. Commission - PSI

was duly published in the COAL VALLEY NEWS once a week

weeks (Class I), commencing with the issue of the 30th

1998, and ending with the issue of the 30th day of Dec

(and was posted at the _____

on the _____ day of _____, 1998;)

that said annexed notice was published on the following dates

12/30, 1998,

and the cost of publishing said annexed notice as aforesaid w

NOTICE OF HEARING
BEFORE THE COUNTY COMMISSION OF BOONE COUNTY
A RESOLUTION AND ORDER PROPOSING THE CONSOLIDATION OF THE COAL RIVER PUBLIC SERVICE DISTRICT AND VAN PUBLIC SERVICE DISTRICT AND DANVILLE PUBLIC SERVICE DISTRICT WITH THE BOONE COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Boone County desires to facilitate the expansion of development in Boone County; and

WHEREAS, West Virginia Code§16-13A-2 provides that a county commission may consolidate public service districts in order to achieve efficiency of operations; and

WHEREAS, it is now deemed desirous by said County Commission to adopt a resolution and order proposing the consolidation of the sewer authority of the Coal River Public Service District and Van Public Service District and Danville Public Service District with the Boone County Public Service District for provision of water and sewer service.

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

1. That the County Commission of Boone County, West Virginia, upon its own motion, proposes the consolidation of the sewer authority of the Coal River Public Service District and Van Public Service District and Danville Public Service District with the Boone County Public Service District, located within Boone County, West Virginia, for the provision of water and sewer service.

2. That the County Commission of Boone County, West Virginia, upon its own motion, proposes through the consolidation of the Coal River Public Service District and Van Public Service District and Danville Public Service District to expand the boundaries of the existing sewer public service districts and to include all the area of Boone County except the area presently served by the Boone-Raleigh Public Service District.

3. That the County Commission of Boone County, West Virginia, upon its own motion, proposes through said consolidation, the resulting expansion of the boundaries of the Boone County Public Service District, and to include within its boundaries all the area of Boone County, West Virginia, which is not currently contained within the boundaries of Boone-Raleigh Public Service District, heretofore created by said County Commission, for the provision of both water and sewer service.

4. That the County Commission of Boone County, West Virginia, shall hold a hearing on the proposed consolidation of the Coal River Public Service District and Van Public Service District and Danville Public Service District on the 11th day of January, 1999, in the Boone County Courthouse Annex, 206 Court St., Suite 300, Madison, WV at 6:00 p.m.

5. That the Clerk of the County Commission of Boone County shall cause notice of hearing and a description of all of the territory proposed to be included in the boundaries of the consolidated Boone County Public Service District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

6. That the County Commission of Boone County shall post the notice of the hearing and description of the consolidated public service district's boundaries in at lease five (5) conspicuous places within the proposed service territory of the consolidated Coal River Public Service District and Van Public Service District and Danville Public Service District.

7. That the Clerk of the County Commission of Boone County shall cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not later than ten (10) days prior to the hearing set forth herein.

ENTERED into the permanent record of Boone County, West Virginia, this 7th day of December, 1998.

/s/ J.M. Mickey Protan, President
/s/ Gene Kuhn, Commissioner
/s/ Gordon Eversole, Commissioner

Attest: /s/ Ed Cooke, Clerk
12-30

Janet Yeager

Taken, subscribed and sworn to before me in my said county this 30 day of Dec., 1998.
My commission expires November 5, 2007.

Peggy Ann Bias
Notary Public of Boone County
West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PEGGY ANN BIAS
COAL VALLEY NEWS
P. O. BOX 508
MADISON, WV 25130
My Commission Expires November 5, 2007

CERTIFICATION OF POSTING
OF
NOTICE OF HEARING

STATE OF WEST VIRGINIA,
COUNTY OF BOONE, to wit:

This day came Teddy A Roe And appeared before the undersigned authority, and after having been duly sworn, did represent the following to be true and correct to the best if his/her knowledge and belief.

I hereby certify that I have posted the attached "Notice of Hearing Before the County Commission of Boone County - A Resolution and Order Proposing the Consolidation of the Coal River Public Service District and Van Public Service District and Danville Public Service District with the Boone County Public Service District" at the following locations:

COAL RIVER PUBLIC SERVICE DISTRICT:

1. Peytona Post Office 12-30-98
2. Racine Market Bulletin Board "
3. Seth Post Office "
4. Comfort Post Office "
5. Blumenglose Post Office "

VAN PUBLIC SERVICE DISTRICT

1. Van Post Office 12-30-98
2. Big White Post Office "
3. Wingfon Post Office "
4. Gordon Post Office "
5. Bim Post Office "

DANVILLE PUBLIC SERVICE DISTRICT

1. BARKER'S HARDWARE 12-30-98
2. #1 TRANSFER STATION - ROCK CREEK "
3. COURTHOUSE "
4. Foster Post Office "
5. Madison Post Office "

Further, the affiant sayeth naught.

Teddy A. Roe
Affiant

Taken, sworn to and subscribed before me this 4th day of January, 1999
My commission expires May 5, 2000.

Carma B. Mahon
Notary Public

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Boone Courthouse Annex on the 11th. day of January, 1999, the following order was made and entered.

SUBJECT: A RESOLUTION AND ORDER PROPOSING THE CONSOLIDATION OF THE COAL RIVER PUBLIC SERICE DISTRICT AND VAN PUBLIC SERVICE DISTRICT AND DANVILLE PUBLIC SERVICE DISTRICT WITH THE BOONE COUNTY PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner Gordon Eversole:

WHEREAS, the County Commission of Boone County, West Virginia, did heretofore, by Resolution and Order adopted on December 7, 1998, proposed the consolidation of the Coal River PSD and Van PSD and Danville PSD with the Boone County Public Service District;

WHEREAS, by said Resolution and Order, the County Commission of Boone County, West Virginia, did set a hearing on the proposed consolidation to be held on January 11,1999; filed with the Clerk of the County Comission of Boone County a copy of the Resolution and Order; required notice of said hearing be given by Class I legal publication in Boone County and required the Clerk of the County Commission of Boone County to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission;

WHEREAS, notice of this January 11, 1999 hearing has been given in the manner provided and required by said Resolution and order by West Virginia Code 16-13A-2, and all interested parties have been afforded an opportunity of being heard for and against the consolidation of Coal River PSD and Van PSD and Danville PSD with Boone County PSD but no written protest has been filed by the requisite number of qualified voters registered and residing within the existing boundaries of the Districts, and said County Commission has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirous by said County Commission to adopt a Resolution and Order, subject to the approval of the Public Service Commission of West Virginia, consolidating Coal River PSD and Van PSD and Danville PSD with Boone County PSD for the provision of water and sewer service.

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

1. That the Boone County Commission of Boone County, West Virginia, upon its own motion, proposes the consolidation of the sewer authority of the Coal River PSD and Van PSD and Danville PSD with the Boone County PSD, located within Boone County, for the provision of water and sewer service.

2. That the County Commission of Boone County, West Virginia, upon its own motion, proposes through the consolidation of the Coal River PSD and Van PSD and Danville PSD to expand the boundaries of the existing sewer public service districts to include all the area of Boone County except the area presently served by the Boone-Raleigh PSD.

3. That the County Commission of Boone County, West Virginia,upon its own motion, proposes that through said consolidation, the resulting expansion of the boundaries of the Boone County PSD, and to include within its boundaries all the area of Boone County, WV, which is not currently contained within the boundaries of Boone-Raleigh PSD, heretofore created by said County Commission, for the provision of both water and sewer service.

The adoption of the foregoing motion, having been made by Gordon Eversole, Commissioner, and duly seconded by J. M. "Mickey" Protan, Commissioner, the vote thereon was as follows:

Gene Kuhn, President .....__AYE__

J. M. "Mickey" Protan, Commissioner.....__AYE__

Gordon Eversole, Commissioner .....__AYE__

Whereupon, Gene Kuhn, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Gene Kuhn, President

J. M. "Mickey" Protan, Commissioner

Gordon Eversole, Commissioner

The Boone County Commission met in REGULAR SESSION on Monday, January 11, 1999. Present for the meeting were President Gene Kuhn and Commissioners Gordon Eversole and J. M. "Mickey" Protan. Staff present were Pat Dent, Carma Mahon and Jean Henry.

President Kuhn called the meeting to order at 9:40 p.m. This meeting was tape recorded on tape #986 beginning at 1384 on the counter.

At approximately 1405 on the counter, Jerry Brown came before the Commission on behalf of the Madison Base Burners, an amateur softball association for girls from ages 12 to 16 years, who compete in tournaments throughout West Viginia and Ohio. He requested $2,500 to help with expenses such as tournament fees and insurance costs. The Commission told Mr. Brown they would refer his request to the Prosecuting Attorney to see if it would be a legal expenditure and get back with him. Mr. Brown also discussed a lighting problem at the Lick Creek Field. They have the lights available but they may have to purchase poles.

At approximately 1823 on the counter, Commissioner Eversole made a motion to approve the minutes from the previous meeting; seconded by Commissioner Protan, the motion passed unanimously.

At approximately 1867 on the counter, Commissioner Eversole made a motion to authorize its President, Gene Kuhn, to sign on its behalf, the Local Law Enforcement Block Grant Progress Report for the period from 7/1/98 - 12/31/98 and the Final Report; seconded by Commissioner Protan, the motion passed unanimously.

At approximately 1877 on the counter, Mrs. Mahon stated that she has been talking with John Romano, RIC, regarding the Regional Water Project. E.D.A. & H.U.D. both require that we go out to bid for engineering. John Romano has placed the ad in the Charleston papers and we will open proposals on February 1st. at 2:00 p.m. She has prepared an information packet with the proposal forms to be filled out.

At approximately 1996 on the counter, Commissioner Eversole made a motion to authorize its President, Gene Kuhn, to sign on its behalf, the authorization form to allow Boone County Bank to subsitute pledged collateral, contingent upon the Prosecuting Attorney's approval; seconded by Commissioner Protan, the motion passed unanimously.

At approximately 2015 on the counter, Mrs. Mahon presented a request from Shawnee Hills to place a utility building behind their office at Lick Creek. The Commission directed that the staff call or write Shawnee Hills a letter authorizing the utility building to be placed behind their office.

At approximately 2074 on the counter, Mrs. Mahon presented a request from Bill Harvey, Boone County Health Department, saying that the Sanitarian's blazer has blown an engine and requesting a 4-WD vehicle be assigned to them if the Commission had one

at Flatwoods on January 15th. Commissioner Eversole suggested that Mrs. Mahon attend the session on Friday for the budget training in his place, to which the Commission agreed.

At 5:42 p.m. the Commission took a brief recess.

Back in session at 6:00 p.m. and approximately 2572 on the counter, Commissioner Kuhn stated that it was time for the Public Hearing regarding the consolidation of Coal River PSD, Van PSD and Danville PSD with Boone County PSD for sewer. The following indidividuals were present for the meeting: Nick Ciccarello, David Foster and Chuck Knurek from the P.S.C.; Martin Tighe, Tom Ferguson, D.E.P; Frank Rowley, James Reed, James Skidmore, Fred Riggleman, David Brown and Patricia Pauley with Danville PSD; Crystal Sutphin from Van and Carl Birley, David Birley from Danville. President Kuhn turned the meeting over to Nick Ciccarello, PSC. Mr. Ciccarello commended the Commission in planning long range expansion and continued that the day of receiving money for small neighborhood utilities is over. The Infrastructure Council and the Legislature has said to us "Consolidate and get rid of the neighborhood utilities and make them large enough to have the cash flow necessary for proper operation." That's why we're here tonight. All over the state, they are doing the same thing. He introduced his consolidation team: David Foster, Technical Analyst- Engineering and Chuck Knurek, Financial Analyst and continued that they want to open up with questions from the floor. He will be asking the Commission at the end of the hearing to approve the order to consolidate. An individual stated that he was concerned about the Van and Racine areas and questioned if these areas would be part of the plan. Mr. Ciccarello answered that all parts of Boone county will be part of this plan. Mr. Foster discussed a sewer problem at Van and continued that once Van PSD was consolidated into Boone County PSD, there would no one there to take care of the sewer. They are aware of the problems and all these areas will be part of the expansion. An individual questioned what were the plans for expansion and how will it be funded. Mr. Ciccarello continued that a Board of Directors will be appointed and operate as a county-wide PSD. Commissioner Protan stated that this consolidation does not mean everyone will have sewer in the next few years; this is just the beginning. Then, we could start planning for grants. Mr. Foster stated that you should never put in a sewer system where you don't have a good metered water system. This will be done in phases; this is just the very beginning. You would probably grow from the Danville PSD for that is where you population is located. Commissioner Kuhn stated he would envision that you would probably have four or five sewer plants. Mr. Foster stated that Mingo County had designs propared for proposed water and sewer projects, with the projected cost of each project. He recommended that Boone County do the same for water and sewer. Commissioner Kuhn stated that we have a plan for the Regional Water System but we haven't done a plan for the sewer system. Mr. Ciccarello stated if by some miracle, the county got enough

RECEIVED 99 MAR 24 AM 9:24

money to put in a sewer plant at Van at no pay back, there is not enough customers up there to operate the plant. You need one system with a base of customers big enough to pay for operation of the system. An individual questioned what kind of rates could they expect. Mr. Knurek stated this would depend on the amount of grant monies and the type of sewer plant you built. As you grow, you will have more people to spread the cost over. Mr. Riggleman, General Manager of Danville PSD stated that Danville PSD financed 4 million for a 12 million dollar project; 1600 people are paying the minimum rate of $16.84/month. If you financed another 4 million, there would be a substantial rate increase. President Kuhn commented that if the government mandated sewer systems to be built, they should supply the money for the systems. Mr. Riggleman stated that he was afraid that before long they were going to see an Administrative Order on Van facing Danville and a fine will be assessed by the D.E.P. if the correction was not done in a certain time and we can't afford a fine. Mr. Reed stated that Danville PSD was fined $5,000 one time. An individual stated that he feels like people already on the sewer system will have their rates raised to cover the cost of expansion. Mr. Ciccarillo stated that previously you had neighborhood PSD's and people outside the area was not allowed to get funds. That's the reason the boundaries around the PSD's must be expanded to allow everyone to have an equal shot somewhere down the road. No one really knows what the cost will be. Commissioner Eversole stated that when we started the countywide water project, it was projected to cost $10,000,000; now, we are up to $31,000,000. Mr. Ciccarillo stated that the Infrastructure Council and Legislature are moving in the terms of priority lists. Boone County should set down in priorities the projects they want to do. Then, they can go to the Infrastructure Council and Legislature with the lists and ask for grants. Mr. Riggleman asked Mr. Tighe, D.E.P., what his further plans were for Van, to which he answered that he didn't know. Commissioner Eversole stated that he feels like we need to have engineers prepare a plan for sewer systems in Boone County and get the proposed costs. At 6:30 p.m. the Public Meeting was closed. Mr. Ciccarillo gave the following overview of the consolidation process: the County Commission will adopt the resolution and he will take it back to the PSC. In 45 days there will be another Public Hearing, and it will probably take another 45 to 60 days for the final order. It will be 4 to 5 months before anything happens; everyone will have the opportunity to speak again. It's important that the county get engineering studies done for a county-wide sewer system. Commissioner Eversole made a motion to adopt the resolution as prepared by the Public Service Commission; seconded by Commissioner Protan, the motion passed unanimously.

~~At approximately 4266 on the counter, Larry Lodato presented the 1998 Annual Report for the Boone County Development Authority.~~

~~At approximately 4632 on the counter, Commissioner Eversole made a motion to reappoint James Reed and Frank Rowley to the Danville PSD to serve until the new Boone~~

1-11-99

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Boone Courthouse Annex on the 11th. day of January, 1999, the following order was made and entered.

SUBJECT: A RESOLUTION AND ORDER PROPOSING THE CONSOLIDATION OF THE COAL RIVER PUBLIC SERICE DISTRICT AND VAN PUBLIC SERVICE DISTRICT AND DANVILLE PUBLIC SERVICE DISTRICT WITH THE BOONE COUNTY PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner Gordon Eversole:

WHEREAS, the County Commission of Boone County, West Virginia, did heretofore, by Resolution and Order adopted on December 7, 1998, proposed the consolidation of the Coal River PSD and Van PSD and Danville PSD with the Boone County Public Service District;

WHEREAS, by said Resolution and Order, the County Commission of Boone County, West Virginia, did set a hearing on the proposed consolidation to be held on January 11,1999; filed with the Clerk of the County Comission of Boone County a copy of the Resolution and Order; required notice of said hearing be given by Class I legal publication in Boone County and required the Clerk of the County Commission of Boone County to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission;

WHEREAS, notice of this January 11, 1999 hearing has been given in the manner provided and required by said Resolution and order by West Virginia Code 16-13A-2, and all interested parties have been afforded an opportunity of being heard for and against the consolidation of Coal River PSD and Van PSD and Danville PSD with Boone County PSD but no written protest has been filed by the requisite number of qualified voters registered and residing within the existing boundaries of the Districts, and said County Commission has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirous by said County Commission to adopt a Resolution and Order, subject to the approval of the Public Service Commission of West Virginia, consolidating Coal River PSD and Van PSD and Danville PSD with Boone County PSD for the provision of water and sewer service.

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

1. That the Boone County Commission of Boone County, West Virginia, upon its own motion, proposes the consolidation of the sewer authority of the Coal River PSD and Van PSD and Danville PSD with the Boone County PSD, located within Boone County, for the provision of water and sewer service.

2. That the County Commission of Boone County, West Virginia, upon its own motion, proposes through the consolidation of the Coal River PSD and Van PSD and Danville PSD to expand the boundaries of the existing sewer public service districts to include all the area of Boone County except the area presently served by the Boone-Raleigh PSD.

3. That the County Commission of Boone County, West Virginia,upon its own motion, proposes that through said consolidation, the resulting expansion of the boundaries of the Boone County PSD, and to include within its boundaries all the area of Boone County, WV, which is not currently contained within the boundaries of Boone-Raleigh PSD, heretofore created by said County Commission, for the provision of both water and sewer service.

The adoption of the foregoing motion, having been made by Gordon Eversole, Commissioner, and duly seconded by J. M. "Mickey" Protan, Commissioner, the vote thereon was as follows:

Gene Kuhn, President .....__AYE__

J. M. "Mickey" Protan, Commissioner.....__AYE__

Gordon Eversole, Commissioner .....__AYE__

Whereupon, Gene Kuhn, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Gene Kuhn, President

J. M. "Mickey" Protan, Commissioner

Gordon Eversole, Commissioner

12/7/98

BEFORE THE COUNTY COMMISSION OF BOONE COUNTY

A RESOLUTION AND ORDER PROPOSING THE
CONSOLIDATION OF THE
COAL RIVER PUBLIC SERVICE DISTRICT AND
VAN PUBLIC SERVICE DISTRICT AND
DANVILLE PUBLIC SERVICE DISTRICT
WITH THE BOONE COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Boone County desires to facilitate the expansion of development in Boone County; and

WHEREAS, West Virginia Code §16-13A-2 provides that a county commission may consolidate public service districts in order to achieve efficiency of operations; and

WHEREAS, it is now deemed desirous by said County Commission to adopt a resolution and order proposing the consolidation of the sewer authority of the Coal River Public Service District and Van Public Service District and Danville Public Service District with the Boone County Public Service District for provision of water and sewer service.

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

1. That the County Commission of Boone County, West Virginia, upon its own motion, proposes the consolidation of the sewer authority of the Coal River Public Service District and Van Public Service District and Danville Public Service District with the Boone County Public Service District, located within Boone County, West Virginia, for the provision of water and sewer service.

2. That the County Commission of Boone County, West Virginia, upon its

own motion, proposes through the consolidation of the Coal River Public Service District and Van Public Service District and Danville Public Service District to expand the boundaries of the existing sewer public service districts and to include all the area of Boone County except the area presently served by the Boone-Raleigh Public Service District.

3. That the County Commission of Boone County, West Virginia, upon its own motion, proposes through said consolidation, the resulting expansion of the boundaries of the Boone County Public Service District, and to include within its boundaries all the area of Boone County, West Virginia, which is not currently contained within the boundaries of Boone-Raleigh Public Service District, heretofore created by said County Commission, for the provision of both water and sewer service.

4. That the County Commission of Boone County, West Virginia, shall hold a hearing on the proposed consolidation of the Coal River Public Service District and Van Public Service District and Danville Public Service District on the 11 day of Jan, 1999, in the Boone County Courthouse in Madison at 6:00 P.m.

5. That the Clerk of the County Commission of Boone County shall cause notice of hearing and a description of all of the territory proposed to be included in the boundaries of the consolidated Boone County Public Service District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

6. That the County Commission of Boone County shall post the notice of the hearing and description of the consolidated public service district's boundaries in at

least five (5) conspicuous places within the proposed service territory of the consolidated Coal River Public Service District and Van Public Service District and Danville Public Service District.

7. That the Clerk of the County Commission of Boone County shall cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not later than ten (10) days prior to the hearing set forth herein.

ENTERED into the permanent record of Boone County, West Virginia, this 7th day of December, 1998

President

Commissioner

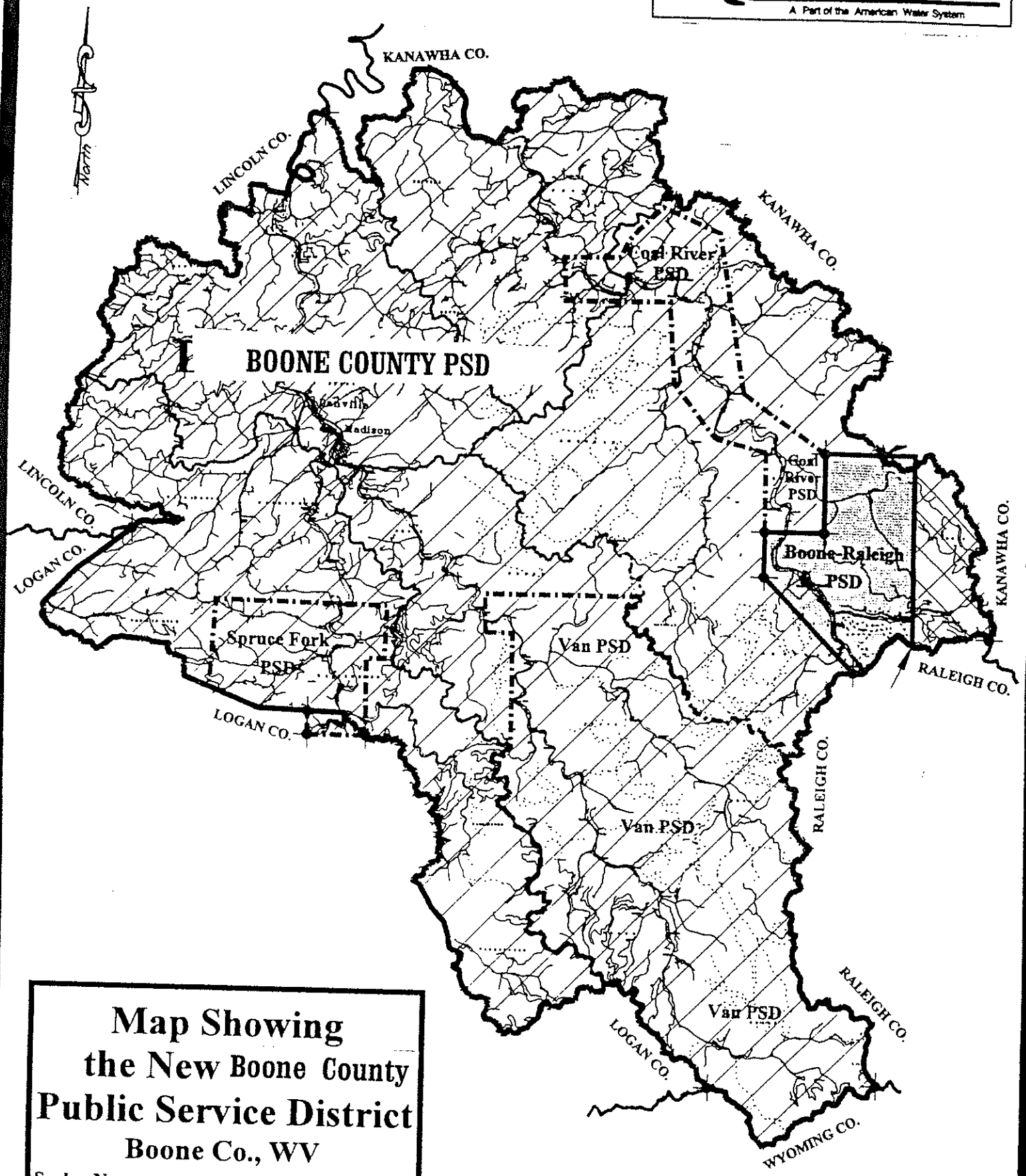
Commissioner

ATTEST:

Clerk

BOONE COUNTY PSD ENCOMPASSES ALL OF BOONE COUNTY EXCEPT THE LIMITS OF BOONE-RALEIGH PSD.
BOONE COUNTY PSD ALSO INCLUDES 0.23 SQUARE MILES IN LOGAN COUNTY

West Virginia-American Water Company
A Part of the American Water System



Map Showing the New Boone County Public Service District

Boone Co., WV

Scale: None 1998

8/28/98

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 28th day of August, 1998.

CASE NO. 98-0464-PWD-PC

BOONE COUNTY COMMISSION

Petition for approval of enlargement of the Danville Public Service District and merger of Coal River Public Service District, Spruce Fork Public Service District, and Van Public Service District into the Danville Public Service District.

COMMISSION ORDER

By Order issued June 18, 1998, the Public Service Commission authorized the enlargement of the Danville Public Service District and the merger of the Coal River, Spruce Fork and Van Public Service Districts into the enlarged Danville Public Service District.

On July 20, 1998, Commission Staff filed a Further Initial Joint Staff Memorandum requesting that the Commission reopen this proceeding for the purpose of clarifying that the District surviving the above described enlargement and mergers shall be named Boone County Public Service District. Staff explained that the Boone County Commission's original petition requested that the surviving entity of the merged Districts be named Boone County Public Service District. Staff noted that the Commission's June 18, 1998 Order did not address the County Commission's request. Staff's memorandum was docketed by the Commission's Executive Secretary as a petition to reopen this proceeding.

IT IS THEREFORE ORDERED that Commission Staff's petition to reopen this proceeding is hereby granted.

IT IS FURTHER ORDERED that the enlarged Public Service District resulting from the merger of the Coal River, Spruce Fork and Van Public Service Districts into the enlarged Danville Public Service District, shall be named the Boone County Public Service District.

IT IS FURTHER ORDERED that upon entry hereof this proceeding shall be dismissed from the Commission's docket of active cases.

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 18th day of June, 1998.

CASE NO. 98-0464-PWD-PC

BOONE COUNTY COMMISSION
Petition for approval of enlargement of the Danville Public Service District and merger of Coal River Public Service District, Spruce Fork Public Service District, and Van Public Service District into the Danville Public Service District.

COMMISSION ORDER

On April 16, 1998, the Boone County Commission petitioned for approval of the enlargement of the Danville Public Service District and the merger of the Coal River, Spruce Fork and Van Public Service Districts into the enlarged Danville PSD for water service. Part of Spruce Fork's service territory is in Logan County, West Virginia.

Boone County conducted a public hearing on April 6, 1998, on the proposal to enlarge Danville PSD and merge the districts into the enlarged Danville PSD, and there were no protests. The Logan County Commission adopted a resolution consenting to the merger. On April 6, 1998, after the public hearing, Boone County voted to enlarge and merge the districts.

On June 15, 1998, the Public Service Commission conducted a public hearing in Madison on the proposal, as required by W. Va. Code § 16-13A-2(f). Notice of the PSC's hearing was published in both Logan and Boone counties. There were no protests. At the public hearing, Commission Staff (Staff) recommended that the petition be approved. See Final Joint Staff Memorandum.

DISCUSSION

W. Va. Code §16-13A-2(f), provides, in pertinent part, as follows:
The public service commission shall provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so.

Having considered this matter, the Commission finds that it is in the best interests of the public to enlarge the Danville PSD and to merge the Coal River, Spruce Fork and Van PSDs into

the enlarged Danville PSD for water service. Accordingly, Boone County's petition should be approved.

FINDINGS OF FACT

1. On April 6, 1998, following a public hearing, Boone County voted to enlarge Danville PSD and merge the Coal River, Spruce Fork and Van PSDs into the enlarged Danville PSD.

2. On April 16, 1998, Boone County petitioned the Public Service Commission for approval of the enlargement of the Danville PSD and the merger of the Coal River, Spruce Fork and Van PSDs into the enlarged Danville PSD for water service.

3. On June 15, 1998, the Public Service Commission conducted a public hearing in Madison on the proposal, as required by W. Va. Code § 16-13A-2(f). There were no protests. At the public hearing, Staff recommended that the petition be approved. See Final Joint Staff Memorandum.

CONCLUSION OF LAW

It is in the best interests of the public to enlarge the Danville PSD and to merge the Coal River, Spruce Fork and Van PSDs into the enlarged Danville PSD for water service. Accordingly, Boone County's petition should be approved, pursuant to W. Va. Code §16-13A-2(f).

ORDER

IT IS THEREFORE ORDERED that Boone County's petition for approval of the enlargement of the Danville PSD and to merger of the Coal River, Spruce Fork and Van PSDs into the enlarged Danville PSD for water service is granted.

IT IS FURTHER ORDERED that this proceeding shall be removed from the Commission's docket of active cases.

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

A True Copy, Teste:

ARC

Sandra Squire

Sandra Squire
Executive Secretary

4-25-85

Madison, West Virginia

April 25, 1985

The County Commission of Boone County, West Virginia, met in regular session pursuant to law and to the rules of said Commission, continued and held at the Courthouse, Madison, West Virginia, at 1:30 P.M. The meeting was called to order and the roll being called there were present E. D. Cooke, President, presiding, and the following named Commissioners:

Clarence E. Hall, II and J. M. (Mickey) Protan

Absent: None

This being the date fixed by prior action of the County Commission for conducting the public hearing on the expansion of the proposed Danville Public Service District, as contemplated and provided for in a resolution and order adopted by the County Commission on March 28, 1985, the president announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the expansion of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

The County Commission then further discussed the expansion of said public service district, whereupon E. D. Cooke introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER expanding Danville Public Service District in Boone County, West Virginia,"

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

Aye: Clarence E. Hall, II
C. E. Cooke
J. M. (Mickey) Protan

Nay: None

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

On motion and vote the meeting adjourned.

President

Attest:

Clerk

STATE OF WEST VIRGINIA

COUNTY OF BOONE, to-wit:

I, Albert J. Gore, hereby certify that I am the duly qualified and acting Clerk of the County Commission of Boone County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Commission as had under date of April 25, 1985, and resolution and order then adopted relating to the expansion of Danville Public Service District.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Madison, West Virginia, this 25th day of April, 1985.

Albert J. Gore
Clerk, Boone County Commission

[illegible] VIRGINIA, BOONE COUNTY CLERK'S OFFICE, TO-WIT:
[illegible], Clerk of the County Commission of Boone County, West Virginia, [illegible] certify that the foregoing is a true and correct copy from the records [illegible] said office, as the same appears therein.

Commission Record Book no. 48 Page no. 209

Given under my hand and official seal, at Madison, West Virginia, this 10th day of June, 199

Teste: Ed Cooke, Clerk

By: Larry W. Burke, Deputy

A RESOLUTION AND ORDER EXPANDING
DANVILLE PUBLIC SERVICE DISTRICT
in Boone County, West Virginia.

WHEREAS, the County Commission of Boone County, West Virginia, did heretofore by a resolution and order adopted March 28, 1985, fix a date for a public hearing on the expansion of Danville Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the creation of said district; and

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

WHEREAS, the City of Madison did, by appropriate resolution, agree and consent to its expanded territory being included within said district; and

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

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

Section 1. That the public service district within Boone County, known as Danville Public Service District, created by the County Court of Boone County, West Virginia,

by order of October 22, 1973, is hereby expanded and said district shall have the following area included as a part of said district, in addition to the territory included in the district as set out in said order of October 22,-1973:

BEGINNING at a point in the original boundary of the Danville Public Service District, said point having a latitude of N 38° 00' 00" and a longitude of W 81° 53' 01";

THENCE, N 30° 45' E., 5.70 miles with the original boundary of the Danville Public Service District to a point in the corporate boundary of the City of Madison;

THENCE, N 25° 00' E., 0.50 miles continuing with the original boundary of the Danville Public Service District and the corporate boundary of City of Madison to a point;

THENCE, S 76° 30' E., 4.30 miles, leaving the corporate boundary of the City of Madison and continuing with the original boundary of the Danville Public Service District to a point having a latitude of N 38° 03' 48" and a longitude of W 81° 45' 00";

THENCE, South 4.37 miles, leaving the original boundary of the Danville Public Service District to a point having a latitude of N 38° 00' 00" and a longitude of W 81° 45' 00";

THENCE, West 7.30 miles to the point of BEGINNING, containing an area of 28.69 square miles with the Washington and Crook Magisterial Districts, Boone County, West Virginia, as shown on a map dated March, 1985, and prepared by APPALACHIAN USHER & MILAM INC., CONSULTING ENGINEERS, Dunbar, West Virginia.

Section 2. That said public service district so expanded shall continue under the name and corporate title of "Danville Public Service District" and shall continue as a public corporation

and political subdivision of the State of West Virginia having all the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13A of Chapter 16 of the West Virginia Code.

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

ADOPTED BY THE COUNTY COMMISSION APRIL 25, 1985.

President

Attest:

Albert J. Gore
Clerk

3/28/85

IN THE COUNTY COMMISSION OF BOONE COUNTY, WEST VIRGINIA

IN THE MATTER OF THE EXPANSION OF THE DANVILLE PUBLIC SERVICE DISTRICT IN BOONE COUNTY, WEST VIRGINIA

O R D E R

On the 28th day of March, 1985, came Robert L. White, Attorney at Law, representing the Danville Public Service District, which public service district is situate in Boone County, West Virginia, and requested that the said County Commission, on its own motion, expand said service district to encompass the geographic area depicted in the map hereto attached and further described herein, and that pursuant to said request, the said County Commission set its motion down for public hearing. Said geographic area includes within it the City of Madison, and said city must consent to being included within Danville Public Service District before this Commission can so order.

Upon consideration of the representations made by Robert L. White, this Commission is of the opinion that a need exists in the hereinafter described area of Boone County for a public water and sewerage system, that it may best be served by an expansion of the Danville Public Service District, and it is ORDERED, ADJUDGED and DECREED that a hearing be held to consider the expansion of the Danville Public Service District into the herein after described area, which hearing shall be held on the 25th day of April, 1985, at 1:30 PM o'clock A. M., at the Office of the Boone County Commission, Boone County Courthouse, Madison, West Virginia. Said area of expansion is bounded and described as follows:

BEGINNING at a point in the original boundary of the Danville Public Service District, said point having a latitude of N 38° 00' 00" and a longitude of W 81° 53' 01";

THENCE, N 30° 45' E., 5.70 miles with the original boundary of the Danville Public Service District to a point in the corporate boundary of the City of Madison;

THENCE, N 25° 00' E., 0.50 miles continuing with the original boundary of the Danville Public Service District and the corporate boundary of City of Madison to a point;

THENCE, S 76° 30' E., 4.30 miles, leaving the corporate boundary of the City of Madison and continuing with the original boundary of the Danville Public Service District to a point having a latitude of N 38° 03' 48" and a longitude of W 81° 45' 00";

THENCE, South 4.37 miles, leaving the original boundary of the Danville Public Service District to a point having a latitude of N 38° 00' 00" and a longitude of W 81° 45' 00";

THENCE, West 7.30 miles to the point of BEGINNING, containing an area of 28.69 square miles with the Washington and Crook Magisterial Districts, Boone County, West Virginia, as shown on a map dated March, 1985, and prepared by APPALACHIAN USHER & MILAM INC., CONSULTING ENGINEERS, Dunbar, West Virginia.

It is further ORDERED that this Commission publish a notice as provided by Article 13A of Chapter 16 of the West Virginia Code of 1931 as amended.

ENTERED this 25th day of March, 1985.

THE COUNTY COMMISSION OF BOONE COUNTY, WEST VIRGINIA.

Commissioner

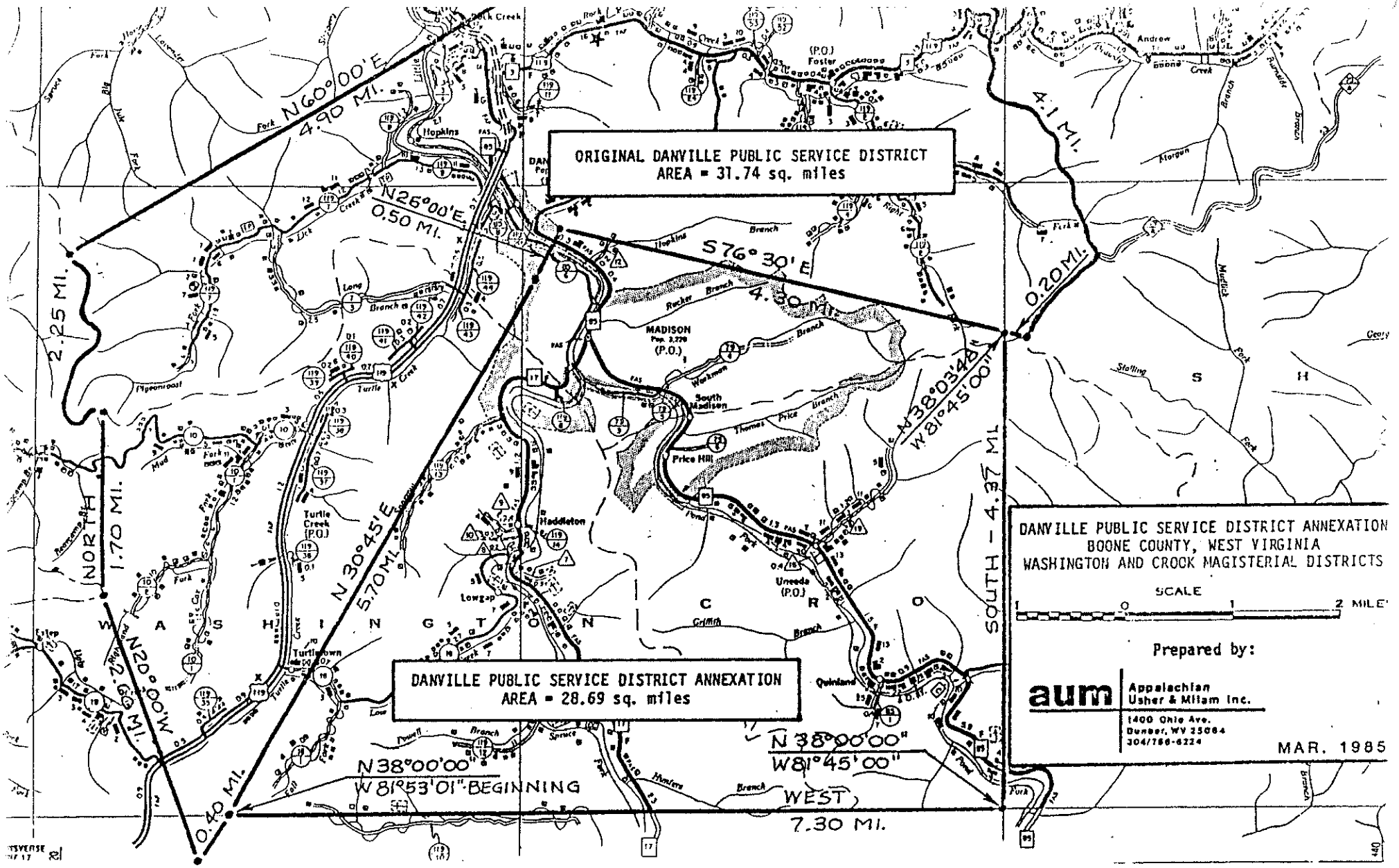
Commissioner

Commissioner, President

(SEAL)

ATTEST:

Clerk of the County Commission
of Boone County, West Virginia


ORIGINAL DANVILLE PUBLIC SERVICE DISTRICT
AREA = 31.74 sq. miles
DANVILLE PUBLIC SERVICE DISTRICT ANNEXATION
AREA = 28.69 sq. miles
DANVILLE PUBLIC SERVICE DISTRICT ANNEXATION
BOONE COUNTY, WEST VIRGINIA
WASHINGTON AND CROOK MAGISTERIAL DISTRICTS
SCALE
1 0 1 2 MILES
Prepared by:
aum
Appalachian Usher & Milam Inc.
1400 Ohio Ave.
Dunbar, WV 25064
304/766-6224
MAR. 1985
N60°00'E
4.90 MI.
N26°00'E
0.50 MI.
S76°30'E
4.30 MI.
4.1 MI.
0.20 MI.
N38°03'48"
W81°45'00"
SOUTH - 4.37 MI.
N 38°00'00"
W81°45'00"
WEST
7.30 MI.
N38°00'00"
W81°53'01" BEGINNING
0.40 MI.
N20°00'W
2.60 MI.
NORTH
1.70 MI.
2.25 MI.
N 30°45'E
5.70 MI.
MADISON
South Madison
Price Hill
Haddleton
Lowgap
Turtletown
Turtle Creek (P.O.)
Hopkins
Foster
Quinland
Uneeda (P.O.)
W A S H I N G T O N
C R O
S H

NOTICE OF PUBLIC HEARING ON EXPANSION OF
DANVILLE PUBLIC SERVICE DISTRICT

Notice is hereby given that the County Commission of Boone County, on its own motion, is to consider the expansion of the Danville Public Service District into hereinafter described areas of Scott, Washington and Crook Districts of Boone County, West Virginia, for the purpose of constructing or acquiring by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within the said district and also, outside the said district to the extent permitted by Law; to be named "Danville Public Service District," and having the following boundaries:

BEGINNING at a point in the original boundary of the Danville Public Service District, said point having a latitude of N 38° 00' 00" and a longitude of W 81° 53' 01";

THENCE, N 30° 45' E., 5.70 miles with the original boundary of the Danville Public Service District to a point in the corporate boundary of the City of Madison;

THENCE, N 25° 00' E., 0.50 miles continuing with the original boundary of the Danville Public Service District and the corporate boundary of City of Madison to a point;

THENCE, S 76° 30' E., 4.30 miles, leaving the corporate boundary of the City of Madison and continuing with the original boundary of the Danville Public Service District to a point having a latitude of N 38° 03' 48" and a longitude of W 81° 45' 00";

THENCE, South 4.37 miles, leaving the original boundary of the Danville Public Service District to a point having a latitude of N 38° 00' 00" and a longitude of W 81° 45' 00";

THENCE, West 7.30 miles to the point of BEGINNING, containing an area of 28.69 square miles with the Washington and Crook Magisterial Districts, Boone County, West Virginia, as shown on a map dated March, 1985, and prepared by APPALACHIAN USHER & MILAM INC., CONSULTING ENGINEERS, Dunbar, West Virginia.

The above described boundary contains 28.69 square miles and includes the City of Madison, and the communities of Uneeda, Quinland, Haddleton, Low Gap and Coal Bottom in addition to the communities of Danville, Hopkins, Rock Creek, Foster, Turtle Creek, Turtle Town, now included within Danville Public Service District as it is presently constituted, all of which lies in Boone County, West Virginia and is shown on two maps, one prepared by J. H. Milam, Inc., consulting engineers, which is entitled Danville Public Service District and is dated May 31, 1973, and one prepared by Appalachian Usher & Milam Inc., consulting engineers, which is entitled Danville Public Service District Annexation, Boone County, West Virginia, Washington and Crook Magisterial Districts, dated March, 1985. These maps may be seen upon request to Robert L. White, Attorney at Law, whose address is 63 Avenue C, Madison, West Virginia 25130.

All persons residing in or owning or having any interest in property in said district as it is presently constituted or as it is to be expanded are hereby notified that the County Commission of Boone County will conduct a public hearing on Thursday, April 25, 1985, at the Courthouse at Madison, West Virginia, at which time and place all interested persons may appear before the County Commission and shall have an opportunity to he heard for and against the expansion of the said Danville Public Service District.

By Order of the County Commission this 5th day of March, 1985.

Adopted by the County Commission, March, 1985.

President

STATE OF WEST VIRGINIA, BOONE COUNTY CLERK'S OFFICE, TO-WIT:
I, Ed Cooke, Clerk of the County Commission of Boone County, West Virginia, do hereby certify that the foregoing is a true and correct copy from the records of my said office, as the same appears therein.

Commission Record Book no. 48 Page no. 85

Given under my hand and official seal, at Madison, West Virginia, this 10th day of June, 1993.

Test: Ed Cooke, Clerk

By: Gary W. Barker, Deputy

2-5-85

CITY OF MADISON
261 WASHINGTON AVENUE
MADISON, WEST VIRGINIA 25130

MAYOR'S OFFICE
CLERK'S OFFICE
STREET DEPARTMENT
SANITARY BOARD
REFUSE COLLECTION

PHONE
304-369-2762

February 5, 1985

To: Mr. Robert White, Attorney for
Danville Public Service District

Re: Action of the Madison City Council
to enter Danville P.S.D.

The attached copy of the approved minutes of the February 4, 1985 regular meeting of the Madison City Council, relating to the above subject, is a true copy.

Attest:

Perris Jones, Recorder for the Council.
Perris Jones.

MINUTES OF THE REGULAR MEETING OF MADISON CITY COUNCIL HELD FEB. 4, 1985

Madison Municipal Council held a regular meeting February 4, 1985 at 7:00 p.m. in the council room. Elective officers present were: Mayor James V. Burgess, Jr., presiding, the Council, Barry Fulton, Sherlock Ball, Bill Bias and Arthur Davis, and the Recorder, Ferris Jones. There were also acting police chief, Carlos Cantley, and supt. of public works, Herman Caudill.

A poll workers list for the special levy election February 26, 1985, presented by the Recorder, was approved as follows, motion by Mr. Davis seconded by Mr. Bias:

Laurine Smoot, Carolyn Smoot, Jessie R. Coleman, Anna Lee Hill, T. W. Cline, Alma R. Hendricks, Pamela L. Roberts, Walter Rhodes, Colleen Workman, Emma Lou Phillips, Wanda Harris, Susan Heater, Jearldean Clay, Sarah Matthews, Julia Rush, Ernestine Pettry, Shirlene Patton, Lucy Smoot, Helen Miller, Delores Smoot, Marcia Sanders, Eileen Ross.

Mrs. Judy Harless of Lincoln Avenue told the Council that she has a letter from the Public Service Commission, allowing for a public hearing concerning the closing of Madison office of West Virginia Water Company. She asked to use the city building for a hearing. Mayor and Council advised that she may use the building, and needs a referee from the Public Service Commission. They asked her to notify the Mayor in order that the meeting may be duly advertised.

Mayor Burgess introduced a discussion regarding the representation and membership of the City of Madison in the Danville Public Service District. He related to the inquiry of Mr. John Romano (who was present) of Regional Intergovernmental Council, of whether a five-man P.S.D. commission is possible, in order to give Madison three members in such a body.

Mr. Romano had determined that such P.S.D. commissions do exist in the state, and that County Commissions determine this. The Mayor said he will be discussing this with the county commission in their Tuesday meeting.

Atty. T. D. Kauffelt, in behalf of the Danville P.S.D. was recognized. He pointed out that Madison is not legally a part of the Danville P.S.D., because there is "no overt order" or record of a public hearing by the County Commission as a result of the City's resolution of November 5, 1976 to join the Danville P.S.D. A discussion followed Kauffelt's request.

Mr. Rick Roberts, an engineer of the Dept. of Natural Resources, said that if Madison does not participate, the $4.3 million EPA grant, and the hope of a 75% federal appropriation to the sewer system, will be passed by, and even a 55% federal funding will become out of reach for Madison. The 75% apportionment is toward $5.746-million of the $6.972-million project, subject to less than $4.3 when the actual project cost is less.

Mayor Burgess stated his reluctance to saddling citizens with 38 years indebtedness on $1.257-million in bonds. Mr. Robert Hayne pointed to, among other things, that the city can keep its own bonding security if it participates in the Danville P.S.D. project.

Mr. Hayne presented the Council a letter from Paul P. Stewart, Jr., chief utilities analyst, Finance and Special Studies Division, Public Service Commission, given in the addendum of these minutes, stating that a special rate for Madison, apportioning a different and reasonable rate to Madison users, is not unusual or unreasonable.

The Council then authorized the Mayor to go to the County Commission to request the establishment of a five-member P.S.D. commission giving Madison three members, motion by Mr. Davis seconded by Mr. Bias, who also suggested that, if this fails, two of three members might be assured the City.

The following Resolution was then adopted, motion by Mr. Bias seconded by Mr. Fulton. RESOLUTION:

RESOLVED, that the Common Council of the City of Madison does consent, pursuant to the provisions of Chapter 16, Article 13-A, Section 2 of the Code of West Virginia as amended, to be included within the boundaries of the Danville Public Service District in Boone County, West Virginia, it being the considered opinion of this Common Council that the participation of the City of Madison in such Public Service District is contributive to the preservation of the public health, comfort and convenience of the Citizens of the City of Madison and the surrounding area.

The question of Curtis Harless, Jr., carrying a gun while in police uniform, but on a youth training program, was raised. 1st Sgt. Carlos Cantley had discussed this with Atty. H. G. Shaffer, III, who questioned the legaility of it. The matter was continued for further inquiry.

Minutes of the last meeting were approved as read, motion by Mr. Bias seconded by Mr. Ball. Expenses list was approved, motion by Mr. Fulton seconded by Mr. Davis.

In an executive session, Mayor Burgess discussed his choice of Jackie Dickson of 477 Kanawha Avenue to serve as permanent chief of police. The Mayor commended Dickson's qualifications, and the Council members commented to their approval of the Mayor's choice.

Mayor and Council chose to remain uninformed on auditors' findings of missing money in the Garbage Collection Dept., until such are made official by the Tax Dept. Then the Council adjourned.

ADDENDUM. Letter from Public Service Commission to Ferris Jones, Recorder, dated February 4, 1985:

"I have reviewed the letter from Appalachian, Usher & Milam and the 'Estimate of Probable Costs' which you sent to me concerning the proposed Danville Public Service District sewer project. (The same information presented to the Council by Mr. Hayne in the January, 1985 meeting).

"Due to the tentative nature of the projected costs, I shall comment only on the estimated relative project cost differences for customers of Madison and Danville. The methodology by which relative costs were assigned to Madison and Danville customers does not appear unreasonable given the estimates at hand. It is my understanding that as proposed Danville PSD would own and operate the treatment plant while the City of Madison would be served as single, albeit much larger, resale customer. This sort of arrangement would not be unusual and should not in itself represent a problem with regard to the proposed project becoming certificated.

"Although this letter should not be construed as Staff support for the sewer project as proposed, I have seen nothing concerning either the general arrangements with regard to ownership and operation of the treatment plant or the estimated relative costs to serve Danville and Madison customers which appear objectionable given the information at hand. If I may be of further assistance, please do not hesitate to let me know.

"Sincerely, /s/ Paul T. Stewart, Jr., Chief Utilities Analyst
Finance and Studies Division."

_____, Recorder.

10-22-73

Madison, West Virginia

October 22, 1973

The County Court of Boone County, West Virginia, met in regular session pursuant to law and to the rules of said Court, continued and held at the Courthouse, Madison, West Virginia, at 9:30 o'clock A. M. The meeting was called to order and the roll being called there were present James R. Goodwin, President, presiding, and the following named Commissioners:

J. Robert Rogers and E. E. Lewis

Absent: None

This being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed Danville Public Service District, as contemplated and provided for in a resolution and order adopted by the County Court on October 1, 1973, the president announced that all persons residing in or owning or having any interest in property in such proposed public service district desiring to be heard for or against the creation of said district would be heard and all such interested persons desiring to be heard were given full opportunity.

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

> "A RESOLUTION AND ORDER creating Danville Public Service District in Boone County, West Virginia",

and moved that all rules otherwise requiring deferred consideration or several readings be suspended and said proposed resolution and

order be adopted. E. E. Lewis seconded the motion and after due consideration the President put the question on the motion and the roll being called, the following voted:

Aye: J. Robert Rogers
E. E. Lewis and James R. Goodwin
Nay: None

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

E. E. Lewis introduced and caused to be read a proposed resolution and order, entitled:

"A RESOLUTION AND ORDER appointing members to the public service district board of the Danville Public Service District".

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

Aye: James R. Goodwin
J. Robert Rogers and E. E. Lewis
Nay: None

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

On motion and vote the meeting adjourned.

James R. Goodwin
President

Attest:

Clerk

STATE OF WEST VIRGINIA

COUNTY OF BOONE

I, O. H. Carson, hereby certify that I am the duly qualified and acting Clerk of the County Court of Boone County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of October 22, 1973, and resolutions and orders then adopted relating to the creation of Danville Public Service District.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Madison, West Virginia, this 22nd day of October, 1973.

O H Carson
County Court Clerk

State of West Virginia, Boone County Clerk's Office, to-.....

I, ALBERT J. GORE, Clerk of the County Commission of Boone County, West Virginia, do hereby certify that the foregoing is a true and correct copy from the records of my said office, as the same appears therein, Commission Record Book No. 29 Page 208

Given under my hand and official seal, at Madison, West Virginia, this 5 day of Feb. 1986

Teste: Albert J. Gore Clerk

By: Larry W. Barker Deputy

A RESOLUTION AND ORDER Creating
DANVILLE PUBLIC SERVICE DISTRICT
in Boone County, West Virginia.

WHEREAS, the County Court of Boone County, West Virginia, did heretofore by a resolution and order adopted October 1, 1973, fix a date for a public hearing on the creation of the proposed Danville Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed service district might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said district; and

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

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

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

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

BEGINNING at a point having a latitude of N. 37° 59' 40" and a longitude of W. 81° 53' 19", also being the northwest corner of the Spruce Fork Public Service District, thence N. 20° 00' W. 2.60 miles to a point in the Boone and Lincoln County Line having a latitude of N. 38° 01' 41" and a longitude of 81° 54' 19"; thence,,leaving the Boone and Lincoln County Line North 1.70 miles to a point in the Washington and Scott Magisterial District Line, having a latitude of N. 38° 03' 12" and a longitude of W. 81° 54' 19"; thence, following said District Line in a northerly direction 2.25 miles to a point having a latitude of N. 38° 04' 28" and a longitude of W. 81° 54' 43"; thence, leaving the Washington and Scott District Line N. 60° 00' E. 4.90 miles to a point having a latitude of N. 38° 06' 37" and a longitude of W. 81° 50' 00"; thence, East 4.20 miles to a point in the Scott and Peytona Magisterial District Line, having a latitude of N. 38° 06' 37" and a longitude of W. 81° 45' 21"; thence, following said District Line in a southerly direction 3.25 miles to a point where the Scott, Peytona, and Sherman Magisterial District Lines meet, having a latitude of N. 38° 04' 23" and a longitude of W. 81° 44' 03"; thence, leaving the Peytona Magisterial District Line but following the Scott and Sherman Magisterial District Line in a southwesterly direction 0.85 miles to a point where the Scott, Sherman and Crook Magisterial District Lines meet, having a latitude of N. 38° 03' 44" and a longitude of W. 81° 44' 45"; thence, leaving said District Lines N. 76° 30' W. 4.50 miles to the eastermost corner of the Town of Danville; thence S. 25° 00' W. 0.5 miles to the westermost corner of the Town of Madison; thence, S. 30° 45' W. 6.1 miles to the POINT OF BEGINNING. The above described boundary contains 31.74 square miles, serving the communities of Danville, Hopkins, Rock Creek, Foster, Turtle Creek, Turtletown, and contiguous areas, all of which lie in Boone County, West Virginia, as shown on a map prepared by J. H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia.

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

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

ADOPTED BY THE COUNTY COURT OCTOBER 22, 1973.

James R Goodwin
President

Attest:

O A Parsons
Clerk

STATE OF WEST VIRGINIA, BOONE COUNTY CLERK'S OFFICE, TO-WIT:
I, Clerk of the County Commission of Boone County, West Virginia, do hereby certify that the foregoing is a true and correct copy from the records of my said office, as the same appears therein.
Commission Record Book no. 29 Page no. 208
Given under my hand and official seal, at Madison, West Virginia, this 10th day of June, 1993
Teste: Ed Cooke, Clerk
By: Larry Barker, Deputy

Madison, West Virginia

October 1, 1973

The County Court of Boone County, West Virginia, met this day in regular session held this 1st day of October, 1973, at 9:00 o'clock A. M., pursuant to the call of James R. Goodwin, President, and were present James R. Goodwin, President, and the following named Commissioners: J. Robert Rogers and E. E. Lewis.

And were absent: None

At which time, the following matter of business was considered:

> "Consideration of a petition of residents and property owners of parts of Scott District and Washington District, Boone County, West Virginia, asking for the creation of a public service district in the area described in said petition, and to adopt a proposed resolution and enter a proper order fixing a date of hearing on the creation of a public service district for certain areas of Scott District and Washington District, Boone County, West Virginia, as set forth in said petition and to provide for the publication of a notice of such hearing."

E. E. Lewis introduced and caused to be read a proposed resolution and order entitled:

> "A resolution and order fixing a date of hearing on the creation of a public service district for certain areas of Scott District and Washington District,,Boone County, West Virginia, and providing for the publication of a notice of such hearing",

and moved that all rules otherwise requiring deferred consideration be suspended and said proposed resolution and order be adopted. J. Robert Rogers seconded the motion and after due consideration the President put the question on the motion, and the roll being called the following voted:

James R. Goodwin, J. Robert Rogers and E. E. Lewis.

Aye:

Unanimous vote by the County Court Commissioners.

Nay:

Whereupon the President declared the motion duly carried and said resolution and order duly adopted on motion and vote, the meeting was thereupon adjourned.

Clerk

James R. Goodwin
President

10-1-73

A Resolution and Order fixing a date of hearing on the creation of a proposed public service district for parts of Scott District and Washington District, Boone County, West Virginia; and providing for the publication and posting of a notice of such hearing.

WHEREAS, there has heretofore been filed in the office of the Clerk of the County Court of Boone County, West Virginia, a petition to this County Court, for the creation of a public service district for certain portions of Washington District and Scott District, Boone County, West Virginia; and

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

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

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

Section 1. That the County Court of Boone County, West Virginia, hereby finds and declares that there has been filed in the office of the County Court Clerk and presented by said County Court Clerk to this Court a petition for the creation of a public service district for parts of Scott District and Washington District, Boone County, West Virginia, which petition contains a description sufficient to identify the territory to be embraced within the proposed public service district and the name of the Proposed public service district and which petition has been signed by at least one hundred legal voters residing within and owning real property within the limits of the propose

public service district, and said County Court further finds and declares that said petition in all respects meets the requirements of Article 13A of Chapter 16 of the West Virginia Code.

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

(a) The name and corporate title of said public service district shall be the "DANVILLE PUBLIC SERVICE DISTRICT".

(b) The territory to be embraced in said public service district shall be as follows:

> BEGINNING at a point having a latitude of N. 37° 59' 40" and a longitude of W. 81° 53' 19", also being the northwest corner of the Spruce Fork Public Service District, thence N. 20° 00' W. 2.60 miles to a point in the Boone and Lincoln County Line having a latitude of N. 38° 01' 41" and a longitude of 81° 54' 19"; thence, leaving the Boone and Lincoln County Line North 1.70 miles to a point in the Washington And Scott Magisterial District Line, having a latitude of N. 38° 03' 12" and a longitude of W. 81° 54' 19"; thence, following said District Line in a northerly direction 2.25 miles to a point having a latitude of N. 38° 04' 28" and a longitude of W. 81° 54' 43"; thence, leaving the Washington and Scott District Line N. 60° 00' E. 4.90 miles to a point having a latitude of N. 38° 06' 37" and a longitude of W. 81° 50' 00"; thence, East 4.20 miles to a point in the Scott and Peytona Madisterial District Line, having a latitude of N. 38° 06' 37" and a longitude of W. 81° 45' 21"; thence, following said District Line in a southerly direction 3.25 miles to a point where the Scott, Peytona, and Sherman Magisterial District Lines meet, having a latitude of N. 38° 04' 23" and a longitude of W. 81° 44' 03"; thence, leaving the Peytona Magisterial District Line but following the Scott and Sherman Magisterial District Line in a southwesterly direction 0.85 miles to a point where the Scott, Sherman and Crook Magisterial District Lines meet, having a lati-

tude of N. 38° 03' 44" and a longitude of W. 81° 44' 45"; thence, leaving said District Lines N. 76° 30' W. 4.50 miles to the eastermost corner of the Town of Danville; thence, S. 25° 00' W. 0.5 miles to the westermost corner of the Town of Madison; thence, S. 30° 45' W. 6.1 miles to the POINT OF BEGINNING;

The above described boundary contains 31.74 square miles, serving the communities of Danville, Hopkins, Rock Creek, Foster, Turtle Creek, Turtletown, and contiguous areas, all of which lie in Boone County, West Virginia, as shown on a map prepared by J. H. Milam, Inc., Consulting Engineers, Dunbar, West Virginia titled Danville Public Service District, District Map, dated May 31, 1973.

(c) The purpose of said public service district shall be to construct, or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water and sewerage services within such territory and also outside such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any public service district orgainized under the laws hereinbefore referred to.

Section 3. That on Monday, October 22, 1973, at the hour of 9:30 o'clock A. M., this County Court shall meet in the County Courthouse at Madison, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed public servic district at which time and place all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Court and shall have an

opportunity to be heard for and against the creation of said district, and at such hearing, this County Court shall consider and determine the feasibility of the creation of the proposed public service district.

Section 4. That the County Court Clerk is hereby authorized and directed to cause notice of such hearing in substantially the form hereinafter set out to be published on October 11, and 18, 1973, in the Coal Valley News, a newspaper of general circulation published in Boone County.

Section 5. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before said hearing.

ADOPTED BY THE COUNTY COURT OCTOBER 1, 1973.

James R. Goodwin
President

Attest:

Clerk

NOTICE OF PUBLIC HEARING ON CREATION OF

DANVILLE PUBLIC SERVICE DISTRICT

NOTICE IS HEREBY GIVEN that a legally sufficient petition has been filed with the Clerk of the County Court of Boone County, West Virginia and has been presented to the County Court of Boone County for the creation of a Public Service District for parts of Scott District and Washington District, Boone County, West Virginia, for the purpose of constructing or acquiring by purchase or otherwise, and the maintenance, operation, improvement and extension of public service properties supplying water and sewerage services within the said District and also outside the said District to the extent permitted by law; to be named "Danville Public Service District"; and having the following described bouldaries:

BEGINNING at a point having a latitude of N. 37° 59' 40" and a longitude of W. 81° 53' 19", also being the northwest corner of The Spruce Fork Public Service District, thence N. 20° 00' W. 2.60 miles to a point in the Boone and Lincoln County Line having a latitude of N. 38° 01' 41" and a longitude of 81° 54' 19"; thence leaving the Boone and Lincoln County Line North 1.70 miles to a point in the Washington and Scott Magisterial District Line, having a latitude of N. 38° 03' 12" and a longitude of W. 81° 54' 19"; thence following said District Line in a northerly direction 2.25 miles to a point having a latitude of N. 38° 04' 28"

and a longitude of W. 81° 54' 42"; thence leaving the Washington and Scott District Line N. 60° 00' E. 4.90 miles to a point having a latitude of N. 38° 06' 37" and a longitude of W. 81° 50' 00"; thence East 4.20 miles to a point in the Scott and Peytona Magisterial District Line, having a latitude of N. 38° 06' 37" and a longitude of W. 81° 45' 21"; thence following said District Line in a southerly direction 3.25 miles to a point where the Scott, Peytona, and Sherman Magisterial District Lines meet, having a latitude of N. 38° 04' 23" and a longitude of W. 81° 44' 03"; thence leaving the Peytona Magisterial District Line but following the Scott and Sherman Magisterial District Line in a southwesterly direction 0.85 miles to a point where the Scott, Sherman and Crook Magisterial District Lines meet, having a latitude of N. 38° 03' 44" and a longitude of W. 81° 44' 45"; thence leaving said District Lines N. 76° 30' W. 4.50 miles to the easternmost corner of the Town of Danville; thence S. 25° 00' W. 0.5 miles to the westernmost corner of the Town of Madison; thence S. 30° 45' W. 6.1 miles to the Point of Beginning.

The above described boundary contains 31.74 square miles, serving the communities of Danville, Hopkins, Rock Creek, Foster, Turtle Creek, Turtletown and contiguous areas, all of which lie in Boone County, West Virginia, as shown on a map prepared by J. H. MILAM, INC,, Consulting Engineers, Dunbar,

West Virginia, titled Danville Public Service District, District Map, dated May 31, 1973.

All persons residing in or owning or having any interest in property in said proposed Public ServiceDistrict are hereby notified that the County Court of Boone County will conduct a public hearing on Monday, October 22, 1973, at 9:30 o'clock a.m. in the Court House at Madison, West Virginia, at which time and place all interested persons may appear before the County Court and shall have an opportunity to be heard for and against the creation of the proposed Public Service District.

By Order of the County Court this 1st day of October, 1973.

ADOPTED BY THE COUNTY COURT October 1, 1973.

James R. Goodwin
President

Attest:

Clerk, Boone County Court

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, to-wit:

I, O. H. Carson, hereby certify that I am the duly qualified and acting Clerk of the County Court of Boone County, West Virginia, and that the foregoing constitutes a true, correct and complete transcript of the proceedings of said County Court as had under date of October 1, 1973, and a resolution and order then adopted relating to the proposed creation of the Danville Public Service District, all as shown by the official records in my office.

IN WITNESS WHEREOF, I have hereunto affixed my official signature and seal of said Court at Madison, West Virginia, this 1st day of October, 1973.

County Court Clerk

(SEAL)

STATE OF WEST VIRGINIA, BOONE COUNTY CLERK'S OFFICE, TO-WIT:
I, Ed Cooke, Clerk of the County Commission of Boone County, West Virginia, do hereby certify that the foregoing is a true and correct copy from the records of my said office, as the same appears therein.

Commission Record Book no. 29 Page no. 167

Given under my hand and official seal, at Madison, West Virginia, this 10th day of June, 1993

Teste: Ed Cooke, Clerk

By: Terry H. Barker, Deputy

carried 6 July 1973

Taken from pages 29 and 30 Minutes Record Book.

TOWN OF DANVILLE

OFFICE OF THE MAYOR

DANVILLE, WEST VIRGINIA 25053

May 23, 1973
Council Chambers
Danville, W. Va.

The Common Council met in Special Session on the above date with the following members present: Mayor, Joe L. Hopkins; Recorder, Ruby E. Allman; Councilmen; Walter Burton, Arthur Chafin, James Reed, Donald Jarrell, and Earl Songer.

The purpose of the meeting was to discuss the joining of Danville and Rock Creek into a Public Service District to acquire a sewer system.

Mr. John Hart of Milam Engineers, Dunbar, W. Va. met with the Council to discuss the project. He announced that as of July 1, ten million dollars

would be available and fifteen million more dollars after July 1. Funding is available now.

Guests of the Council were Mr. John Tillinghast and Mr. Frank Rowley. In order to form the P.S.A and get a loan for the sewer system, one hundred signatures of property owners anywhere in the area were required. The funding is available on an 80-20 basis.

A resolution was presented to the Council for formation of the Danville Public Service District. Upon a motion by James Reed and seconded by Don Jarrell that the Council approve

TOWN OF DANVILLE

OFFICE OF THE MAYOR

DANVILLE, WEST VIRGINIA 25053

the resolution, the motion passed by unanimous vote.

A commission was named composed of the following: John Tillinghast, James Reed, and Frank Rawley.

The meeting was adjourned at 8:15 p.m.

Joe L. Hopkins
Mayor

Joe L. Hopkins
Recorder pro-tem

11-6-71

uard Cooper
bert Bunch
ike Vickers
hn Tillinghast ✓ - Danville (Member)
arl Songer
H.C. Howard ✓ Madison (Chairman)
oe Eddy Griffith ✓ Price Hill

TOWN OF DANVILLE

OFFICE OF THE MAYOR

DANVILLE, WEST VIRGINIA

November 2, 1971

To Whom It May Concern:

The following motion was taken from the minutes book page 280 of the March 3, 1971 Council meeting.

"A motion was made by James Reed that steps be taken to declare this area a Public Service District and that the Town of Danville become a part of that district. This motion was seconded by Willie Francis Smith and passed by unanimous vote.

Ruby E. Alleman
Recorder

TOWN OF DANVILLE

OFFICE OF THE MAYOR

DANVILLE, WEST VIRGINIA 25053

RESOLUTION

RESOLVED, That the common council of the Town of Danville does hereby petition and request the County Court of Boone County, West Virginia, on its own motion, to adopt an order proposing the creation pf a public service district for the construction, acquisition by purchase, maintenance, operation, improvement and extension of properties for providing sewer services to the greater Danville- Rock Creek area of said Boone County, it being the considered opinion of the common council of said municipality that the creation of such a public service district is necessary to the preservation of the public health, comfort and convenience of such area.

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 6th day of March 2007, the following order was made and entered:

SUBJECT: REAPPOINT GRADY HAYNER TO THE BOONE COUNTY PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner Eversole:

That the Boone County Commission does hereby reappoint Grady Hayner to the Boone County Public Service District for a term of 6 years said term to expire March 20, 2013.

A copy of this order to be sent to the Boone County Public Service District and to Grady Hayner.

The adoption of the foregoing motion, having been made by Commissioner Eversole and duly seconded by Commissioner Halstead, the vote thereon was as follows:

Mickey Brown, President..... AYE

Gordon Eversole, Commissioner..... AYE

Atholl W. Halstead, Commissioner..... AYE

Whereupon, Mickey Brown, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Mickey Brown

Mickey Brown, President

Gordon Eversole, Commissioner

Atholl W. Halstead

Atholl W. Halstead, Commissioner

RECEIVED
BOONE COUNTY
PUBLIC SERVICE DISTRICT
07 MAR 28 AM 9:52

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 3rd of February, 2003following order was made and entered:

SUBJECT: APPOINTMENT OF PAUL RITCHIE TO BOONE COUNTY PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner Gordon Eversole:

That the Boone County Commission hereby appoint Paul Ritchie to replace Richard Browning to the Boone County Public Service District effective immediately said term to expire March 30, 2009.

A copy of this order to be sent to Paul Ritchie and Boone County Public Service District.

The adoption of the foregoing motion, having been made by Commissioner Gordon Eversole and duly seconded by Atholl W. Halstead, Commissioner, the vote thereon was as follows:

Mickey Brown, President.....AYE

Gordon Eversole, Commissioner .....AYE

Atholl W. Halstead, Commissioner.....AYE

Whereupon, Mickey Brown, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Mickey Brown

Mickey Brown, President

Gordon Eversole

Gordon Eversole, Commissioner

Atholl W. Halstead

Atholl W. Halstead, Commissioner

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 1st day of March, 2005, the following order was made and entered:

SUBJECT: REAPPOINT BROADDUS LORRISON AND CLARENCE V. WALLER TO THE BOONE COUNTY PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner Gordon Eversole:

That the Boone County Commission does hereby reappoint Broaddus Lorrison and Clarence V. Waller to the Boone County Public Service District for terms of 6 years said terms to expire April 1, 2011.

A copy of this order to be sent to Broaddus Lorrison, Clarence V. Waller and the Boone County Public Service District.

The adoption of the foregoing motion, having been made by Commissioner Gordon Eversole and duly seconded by Atholl W. Halstead, Commissioner, the vote thereon was as follows:

Mickey Brown, President.....AYE

Gordon Eversole, Commissioner .....AYE

Atholl W. Halstead, Commissioner.....AYE

Whereupon, Mickey Brown, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Mickey Brown

Mickey Brown, President

Gordon Eversole

Gordon Eversole, Commissioner

Atholl W. Halstead

Atholl W. Halstead, Commissioner

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 6th day of March, 2007 the following order was made and entered:

SUBJECT: REAPPOINT MARY K. ROY TO THE BOONE COUNTY PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner Halstead:

That the Boone County Commission does hereby reappoint Mary K. Roy to the Boone County Public Service District for a term of 6 years said term to expire March 30, 2013.

A copy of this order to be sent to Boone County Public Service District and to Mary K. Roy.

The adoption of the foregoing motion, having been made by Commissioner Halstead and duly seconded by Commissioner Eversole, the vote thereon was as follows:

Mickey Brown, President.....AYE

Gordon Eversole, Commissioner.....AYE

Atholl W. Halstead, Commissioner.....AYE

Whereupon, Mickey Brown, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Mickey Brown

Mickey Brown, President

Gordon Eversole, Commissioner

Atholl W. Halstead

Atholl W. Halstead, Commissioner

RECEIVED
BOONE COUNTY
07 MAR 28 AM 9:53

At a REGULAR session of the County Commission of Boone County, West Virginia, held at the Courthouse thereof on the 1st day of March, 2005, the following order was made and entered:

SUBJECT: REAPPOINT BROADDUS LORRISON AND CLARENCE V. WALLER TO THE BOONE COUNTY PUBLIC SERVICE DISTRICT

The following motion was offered by Commissioner Gordon Eversole:

That the Boone County Commission does hereby reappoint Broaddus Lorrison and Clarence V. Waller to the Boone County Public Service District for terms of 6 years said terms to expire April 1, 2011.

A copy of this order to be sent to Broaddus Lorrison, Clarence V. Waller and the Boone County Public Service District.

The adoption of the foregoing motion, having been made by Commissioner Gordon Eversole and duly seconded by Atholl W. Halstead, Commissioner, the vote thereon was as follows:

Mickey Brown, President.....AYE

Gordon Eversole, Commissioner .....AYE

Atholl W. Halstead, Commissioner.....AYE

Whereupon, Mickey Brown, President, declared said motion duly adopted; and it is therefore ADJUDGED and ORDERED that said motion be, and the same is hereby adopted.

Mickey Brown

Mickey Brown, President

Gordon Eversole

Gordon Eversole, Commissioner

Atholl W. Halstead

Atholl W. Halstead, Commissioner

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, TO-WIT:

I, Grady Hayner do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Boone County Public Service District Board to the best of my skill and judgment, SO HELP ME GOD.

Grady Hayner

Subscribed and sworn to before me, in Madison, Boone County, West Virginia, the 15th day of May, 2007.

Mickey Brown

Honorable Mickey Brown, President
Boone County Commission

State of West Virginia,

Boone County Commission Clerk's Office, May 15, 2007

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

BOONE COUNTY COMMISSION W.V.A.

Gary W. Williams

Gary W. Williams, Boone County Clerk

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, TO-WIT:

I, Paul Ritchie do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Boone County Public Service District to the best of my skill and judgment, SO HELP ME GOD.

Paul Ritchie

Paul Ritchie

Subscribed and sworn to before me, in Madison, Boone County, West Virginia, the 18th day of July, 2006.

Mickey Brown

Honorable Mickey Brown, President
Boone County Commission

State of West Virginia,

Boone County Commission Clerk's Office, July 18, 2006

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Gary W. Williams

Gary W. Williams, Boone County Clerk

RECEIVED
2006 JUL 18 P 2:11
GARY W. WILLIAMS
BOONE COUNTY CLERK

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of **Boone County Public Service District** to the best of my skill and judgement, SO HELP ME GOD.

_____

Subscribed and sworn to before me, in my said County and State, this 1 day of February, 2008

Gary N. Williams
Clerk of the County Commission of
Boone County, West Virginia

State of West Virginia,

Boone County Commission Clerk's Office, Feb 1, 2008

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my office.

Teste: Shawna Linville

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, TO-WIT:

I, Mary K. Roy do solemnly swear that I will support the Constitution of the United States of America and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of Boone County Public Service District to the best of my skill and judgment, SO HELP ME GOD.

RECEIVED 2007 APR -4 A 9:31 GARY W. WILLIAMS BOONE COUNTY CLERK

Mary Katrina Roy

Mary K. Roy

Subscribed and sworn to before me, in Madison, Boone County, West Virginia, the 3rd day of April, 2007.

Atholl W. Halstead

Honorable Atholl W. Halstead
Boone County Commission

State of West Virginia,

Boone County Commission Clerk's Office, April 3, 2007

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my said office.

Gary W. Williams

Gary W. Williams, Boone County Clerk

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA,

COUNTY OF BOONE, TO WIT:

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia and that I will faithfully discharge the duties of the office of **Boone County Public Service District** to the best of my skill and judgement, SO HELP ME GOD.

Broaddus J. Tomlison

Subscribed and sworn to before me, in my said County and State, this 4th day of February 4, 2008

Gary W. Williams
Clerk of the County Commission of
Boone County, West Virginia

State of West Virginia,

Boone County Commission Clerk's Office, Feb 4th, 2008

The foregoing OATH OF OFFICE AND CERTIFICATE was this day admitted to record in my office.

Teste: Gary W. Williams

RULES OF PROCEDURE

BOONE COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: BOONE COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located in the Danville Community Center on Hopkins Avenue, Danville, Boone County, West Virginia.

Section 3. The Common Seal of the District shall consist of two concentric circles between which circles shall be inscribed Boone County Public Service District, and in the center shall be inscribed the Corporate Seal.

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

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

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided

under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the second Monday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, three (3) members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least three (3) days before the date fixed for such a special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931 as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District

at the front door or bulletin board of the Boone County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary for the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has be determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Boone County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The secretary shall also perform such other duties as he or she may have under law by virtue
of the office or as my be conferred from time to time by the members of the Board, these Rues of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary or treasurer, as necessary, who shall have all the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board,

or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment, but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 10th day of July, 2006.

Boone County Public Service District:

By: _____

Its: Chairman

ATTEST:

Grady Hayner

Grady Hayner, Secretary/Treasurer

Broaddus Lorrison

Broaddus Lorrison, Commissioner

Mary Katrine Roy

MARY KATRINE ROY, Commissioner

Paul Ritchie

PAUL RITCHIE, Commissioner

Boone Co. Public Service District

Organization Meeting – Wastewater Board

On Monday, January 14, 2008 the Board of the Boone County Public Service District Wastewater Board met and an organizational meeting was held at Danville Community Center, Room 101,Danville, West Virginia, to nominate and elect officers for the Board.

The Board members are Toby Waller, Broaddus Lorrison, Mary Katrine Roy, Grady Hayner and Paul Ritchie. Nancy Shreve, secretary for the Board was present to take the minutes for this meeting.

The meeting was called to order by acting Chairman, Paul Ritchie upon the absence of Toby Waller. Broaddus Lorrison made the motion to nominate and elect Toby Waller as Chairman, seconded by Grady Hayner. Nominations were closed. Motion carried. Toby Waller will be will be Chairman of the Board of the Boone County Public Service District Waste Water Board upon his acceptance.

Broaddus Lorrison made the motion to nominate and elect Grady Hayner to the offices of Secretary and Treasurer, seconded by Paul Ritchie. Motion carried. Nominations were closed. Grady Hayner accepted the positions and will be Secretary and Treasurer of the Boone County Public Service District Wastewater Board.

The regular monthly meeting shall be held on the second Monday of each month at 6:00 p.m. at the Danville Community Center, Room 101, Danville, West Virginia. If the second Monday is a holiday, the meeting will be held the following day. TheWastwater meeting will immediately follow the Water Board meeting.

There being no further business, Broaddus Lorrison made the motion to adjourn, seconded by Grady Hayner. Motion carried. The meeting adjourned at 7:25 p.m.

Respectfully submitted,

Nancy S. Shreve
Secretary

Approved by:

Toby Waller, Chairman

Broaddus Lorrison

Mary Katrine Roy

Grady Hayner

Paul Ritchie

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

MINUTES ON ADOPTION OF BOND
RESOLUTION; SUPPLEMENTAL RESOLUTION
AND FIRST DRAW RESOLUTION

The undersigned SECRETARY of the Public Service Board of Boone County Public Service District, hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Boone County Public Service District met pursuant to notice duly posted, on the 14th day of April, 2008, at the District's offices in Danville, West Virginia, at the hour of 6:00 p.m.

PRESENT:	Chairman	Clarence V. Waller
	Secretary	Grady Hayer
	Member	Paul Ritchie
	Member	Broaddus Lorrison
	Member	Mary Katrine Roy

ABSENT: None.

Paul Ritchie, Chairman, presided, and Broaddus Lorrison, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Next, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF BOONE COUNTY PUBLIC SERVICE DISTRICT, PAYING THE STEP LOANS, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,200,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Paul Ritchie and seconded by Broaddus Lorrison, it was unanimously ordered that the said Note Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) OF BOONE COUNTY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Paul Ritchie and seconded by Broaddus Lorrison, it was unanimously ordered that the said Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

Next, the Chairman presented a proposed Draw Resolution for the payment of invoices. Thereupon, upon motion duly made by Paul Ritchie and seconded by Broaddus Lorrison, it was unanimously ordered that the said Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

CERTIFICATION

I hereby certify that the foregoing action of Boone County Public Service District remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 16th day of April, 2008.

Secretary

04.02.08
091620.00001

WV MUNICIPAL BOND COMMISSION
8 Capitol Street
Suite 500
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: April 16, 2008

(See Reverse for Instructions)

ISSUE: Boone County Public Service District, Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)

ADDRESS: Post Office Box 1239, Danville, West Virginia 25053 COUNTY: Boone

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: April 16, 2008

CLOSING DATE: April 16, 2008

ISSUE AMOUNT: $1,200,000

RATE: 0%

1ST DEBT SERVICE DUE: December 1, 2009

1ST PRINCIPAL DUE: December 1, 2009

1ST DEBT SERVICE AMOUNT: $7,793

PAYING AGENT: WV Municipal Bond Commission

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: John C. Stump, Esq.
Phone: 304.353.8196

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esq.
Phone: 304.340.1318

CLOSING BANK: Boone County Bank
Contact Person: Linda Chambers
Phone: 304.369.2407

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Fred Riggleman
Position: General Manager
Phone: 304.369.2622

OTHER: Infrastructure and Jobs Development Council
Contact Person: Jefferson Brady, P.E.
Function: Executive Director
Phone: 304.558.4607

DEPOSITS TO MBC AT CLOSE:
By: X Wire
____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
X Reserve Account: $ 31,172
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire
____ Check
____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: Series 2008 A Bonds Reserve Account fully funded with bond proceeds

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: ____
TRANSFERS REQUIRED: ____

CH853935.1

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Boone County Bank, Madison, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Boone County Public Service District (the "Issuer") adopted April 14, 2008, and the Supplemental Resolution of the Issuer adopted April 14, 2008 (collectively, the "Resolution"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated April 16, 2008, issued in the principal amount of $1,200,000 (collectively, the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Resolution.

WITNESS my signature on this 16th day of April, 2008.

BOONE COUNTY BANK

By: Charles J. Warner Sr. VP
Its: Authorized Officer

03.21.08
091620.00001

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Boone County Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated April 16, 2008, issued in the principal amount of $1,200,000 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Resolution authorizing issuance of the Bonds.

WITNESS my signature on this 16th day of April, 2008.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

03.21.08
091620.00001

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar under the Resolution and Registrar's Agreement providing for the above-captioned Bonds of Boone County Public Service District (the "Issuer"), hereby certifies that on the date hereof the single, fully registered Sewer Revenue Bond, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, dated April 16, 2008, in the principal amount of $1,200,000, numbered AR-1, was registered as to principal and interest in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 16th day of April, 2008.

THE HUNTINGTON NATIONAL BANK

By:
Its: Authorized Officer

03.21.08
091620.00001

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 16th day of April, 2008, by and between BOONE COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,200,000 Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) dated April 16, 2008, and in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted April 14, 2008, and the Supplemental Resolution of the Issuer duly adopted April 14, 2008 (collectively, the "Resolution");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Resolution, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Resolution provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Resolution and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Resolution and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Resolution, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest, if any, on the Bonds from gross income for federal income tax purposes, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Resolution with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Resolution, the terms of the Resolution shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Resolution will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Boone County Public Service District Post Office Box 287 Danville, West Virginia 25053 Attention: Chairperson
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Resolution.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

BOONE COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairperson

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

03.21.08
091620.00001

EXHIBIT A

Resolution included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

Private Financial Group
P.O. Box 633 - WB3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date April 16, 2008

Boone County Public Service District
Account Number 6089001809

Boone County Public Service District
Sewer Revenue Bonds, Series 2008 A
John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR April, 2008

TOTAL AMOUNT	$	500.00
TOTAL DUE	$	500.00

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
*.. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: BARRY. . *
*.. GRIFFITH, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . *

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

DANVILLE PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1993 A
and
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

Table of Contents

Subject		Page
ARTICLE I *STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS*		
Section 1.01	*Authority for this Resolution*	*1*
Section 1.02	*Findings*	*1*
Section 1.03	*Bond Legislation Constitutes Contract*	*3*
Section 1.04	*Definitions*	*4*
ARTICLE II *AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT*		
Section 2.01	*Authorization of Acquisition and Construction of the Project*	*14*
ARTICLE III *AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT*		
Section 3.01	*Authorization of Bonds*	*15*
Section 3.02	*Terms of Bonds*	*15*
Section 3.03	*Execution of Bonds*	*16*
Section 3.04	*Authentication and Registration*	*16*
Section 3.05	*Negotiability, Transfer and Registration*	*16*
Section 3.06	*Bonds Mutilated, Destroyed, Stolen or Lost*	*17*
Section 3.07	*Bonds not to be Indebtedness of the Issuer*	*18*
Section 3.08	*Bonds Secured by Pledge of Net Revenues; Lien Positions*	*18*
Section 3.09	*Form of Series 1993 A Bonds*	*18*
FORM OF SERIES 1993 A BOND		*19*
Section 3.10	*Sale of Bonds; Approval and Ratification of Execution of Loan Agreement with Authority*	*26*

Section 3.11	*"Amended Schedule A" Filing*	*26*

ARTICLE IV
INTERIM CONSTRUCTION FINANCING

Section 4.01	*Authorization and General Terms*	*27*
Section 4.02	*Terms of and Security for Notes; Trust Indenture*	*27*
Section 4.03	*Notes are Special Obligations*	*27*
Section 4.04	*Letters of Credit*	*27*

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	*Establishment of Funds and Accounts with Depository Bank*	*29*
Section 5.02	*Establishment of Funds and Accounts with Commission*	*29*
Section 5.03	*System Revenues; Flow of Funds*	*29*

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	*Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds*	*34*
Section 6.02	*Disbursements From the Bond Construction Trust Fund*	*35*

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	*General Covenants of the Issuer*	*37*
Section 7.02	*Bonds and Notes not to be Indebtedness of the Issuer*	*37*
Section 7.03	*Bonds Secured by Pledge of Net Revenues; Lien Positions*	*37*
Section 7.04	*Initial Schedule of Rates and Charges*	*38*
Section 7.05	*Sale of the System*	*38*
Section 7.06	*Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances*	*39*
Section 7.07	*Parity Bonds*	*40*
Section 7.08	*Books and Records*	*42*
Section 7.09	*Rates*	*43*
Section 7.10	*Operating Budget and Audit*	*44*
Section 7.11	*No Competing Franchise*	*45*
Section 7.12	*Enforcement of Collections*	*45*
Section 7.13	*No Free Services*	*45*

Section 7.14	*Insurance and Construction Bonds*	*46*
Section 7.15	*Mandatory Connections*	*47*
Section 7.16	*Completion and Operation of Project*	*48*
Section 7.17	*Tax Covenants*	*48*
Section 7.18	*Statutory Mortgage Lien*	*49*
Section 7.19	*Progress Reports on Construction and Petition to Public Service Commission*	*49*

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	*Investments*	*51*
Section 8.02	*Arbitrage and Tax Exemption*	*52*
Section 8.03	*Tax Certificate and Rebate*	*52*

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	*Events of Default*	*54*
Section 9.02	*Remedies*	*55*
Section 9.03	*Appointment of Receiver*	*55*

ARTICLE X
DEFEASANCE

Section 10.01	*Defeasance of Bonds*	*57*
Section 10.02	*Defeasance of Notes*	*58*

ARTICLE XI
MISCELLANEOUS

Section 11.01	*Amendment or Modification of Bond Legislation*	*59*
Section 11.02	*Bond Legislation Constitutes Contract*	*59*
Section 11.03	*Severability of Invalid Provisions*	*59*
Section 11.04	*Headings, Etc.*	*59*
Section 11.05	*Conflicting Provisions Repealed*	*60*
Section 11.06	*Covenant of Due Procedure, Etc.*	*60*
Section 11.07	*Public Notice of Proposed Financing*	*60*
Section 11.08	*Effective Date*	*61*
SIGNATURES		*61*
CERTIFICATION		*62*

DANVILLE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF DANVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,384,319 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1993 A, AND NOT MORE THAN $530,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF DANVILLE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Danville Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Boone County of said State.

B. The Issuer does not presently own or operate a public sewerage system or public sewerage facilities, and it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain sewerage

facilities of the Issuer, consisting of a wastewater treatment plant and collection system to provide sewage service to presently unserved parts of Boone County, including the acquisition of the existing sewer collection system, rights-of-way and easements of the City of Madison, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the Project and any additions or improvements thereto or extensions thereof are herein called the "System") at an estimated cost of $10,667,589, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Series 1993 A Bonds, and to make the required payments into the Series 1993 A Bonds Sinking Fund, the Series 1993 A Bonds Reserve Account and other payments provided for herein, all as such terms are hereinafter defined.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 1993 A, in the total aggregate principal amount of not more than $4,384,319, initially to be represented by a single bond (the "Series 1993 A Bonds"), and (at the option of the Issuer) to issue its sewerage system bond anticipation notes prior to issuance of the Series 1993 A Bonds and contemporaneously therewith, or as soon as practicable thereafter, to issue its sewerage system grant anticipation notes and/or a note or notes evidencing a line of credit, or any combination of the foregoing (collectively, the "Notes"), in the aggregate principal amount of not more than $530,000 to temporarily finance costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Series 1993 A Bonds prior to and during construction or acquisition and for a period not exceeding 6 months after completion of construction of the Project; amounts which may be deposited in the Series 1993 A Bonds Reserve Account; engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1993 A Bonds and/or the Notes and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the

Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any fees for the providing of a letter of credit, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1993 A Bonds or the Notes or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 1993 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, as shall be approved by supplemental resolution.

G. There are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Series 1993 A Bonds as to liens, pledge, source of and security for payment. The Grant Anticipation Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues, certain proceeds of such Grant Anticipation Notes and proceeds of a letter of credit, if any, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such Grant Anticipation Notes. The Bond Anticipation Notes, if issued, will be payable from the proceeds of the Series 1993 A Bonds, certain proceeds of such Bond Anticipation Notes and the Net Revenues, if necessary, all as shall be set forth in the Indenture and/or the Supplemental Resolution authorizing the Notes or such Bond Anticipation Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1993 A Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a Certificate of Public Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1993 A Bonds or any of the Notes or such final order will not be subject to appeal or rehearing.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1993 A Bonds and the

Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1993 A Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note of a series and any other Note of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and registered owner of the Series 1993 A Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Bond Year" means each one-year period (or shorter period from the date of issue of the Series 1993 A Bonds) that ends at the

close of business on October 1 of each calendar year, unless otherwise required under the Code.

"Bonds" means the Series 1993 A Bonds and any bonds on a parity therewith authorized to be issued hereunder.

"Boone County Commission Grant" means the grant from The County Commission of Boone County pursuant to the commitment therefor.

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

"Closing Date" means the date upon which there is an exchange of the Series 1993 A Bonds for the proceeds representing the purchase price of the Series 1993 A Bonds by the Authority.

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

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

"Consulting Engineers" means Stafford Consultants, Incorporated, Princeton, West Virginia, or any engineer or firm of engineers that shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

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

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

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

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

"Governing Body" or "Board" means the public service board of the Issuer, as it may now or hereafter be constituted.

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

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which such Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any grant anticipation notes; provided that, "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may, at the Issuer's option, be entered into between the Issuer and the Trustee relating to any or all of the Notes and all supplements or amendments thereto.

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

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

"Issuer" means Danville Public Service District, in Boone County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement to be entered into between the Authority and the Issuer, providing for the purchase of the Series 1993 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1993 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1993 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 1993 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1993 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1993 A Bonds.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" means, collectively, the not more than $530,000 in aggregate principal amount of sewerage system bond anticipation notes, grant anticipation notes and/or notes evidencing a line of credit, or any combination of the foregoing, and originally authorized hereby, which may be issued by the Issuer, the terms of which shall be set forth in one or more Supplemental Resolutions, and unless the context clearly indicates otherwise, the terms "Notes" includes any refunding Notes of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture and/or the Supplemental Resolution pertaining to such Notes and its successors and assigns.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Series 1993 A Bonds or the Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Notes Purchaser" means, in the event Notes are issued, the original purchaser of such Notes, as shall be named in the Supplemental Resolution, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means the Boone County Commission Grant and the Small Cities Block Grant, together with any other grant other than the EPA Grant hereafter received by the Issuer to aid in financing Costs.

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

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

"Paying Agent" means the bank or banks or other entity designated as such for the Series 1993 A Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of certain public sewerage facilities of the Issuer, consisting of a wastewater treatment plant and collection system to provide sewage service to presently unserved parts of Boone County, including the acquisition of the existing sewer collection system, rights-of-way and easements of the City of Madison, together with all appurtenant facilities.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of

said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

"Registrar" means, as appropriate, either the Bond Registrar or the Notes Registrar, or both.

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

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

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

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

"Series 1993 A Bonds" means the not more than $4,384,319 in aggregate principal amount of Sewer Revenue Bonds, Series 1993 A, of the Issuer.

"Series 1993 A Bonds Reserve Account" means the Series 1993 A Bonds Reserve Account established in the Series 1993 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1993 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1993 A Bonds in the then current or any succeeding year.

"Series 1993 A Bonds Sinking Fund" means the Series 1993 A Bonds Sinking Fund established by Section 5.02 hereof.

"Small Cities Block Grant" means the grant from the Department of Housing and Urban Development, through the State of West Virginia, pursuant to the commitment therefor.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of any or all of the Notes or the sale of the Series 1993 A Bonds, as the case may be; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Notes or the Series 1993 A Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 1993 A Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement

Fund and the Series 1993 A Bonds Reserve Account, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the Project and any additions, improvements and extensions thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

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 $10,667,589, 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 Notes and the Series 1993 A Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of paying the Issuer's Sewerage System Design Notes, Series 1986, heretofore issued to finance a portion of the costs of designing the System and related costs, capitalizing interest on the Series 1993 A Bonds, funding a reserve account for the Series 1993 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1993 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1993 A Bonds of the Issuer. The Series 1993 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 1993 A," in the principal amount of not more than $4,384,319, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 1993 A Bonds shall be issued contemporaneously with or prior to issuance of the Grant Anticipation Notes, if any. The proceeds of the Series 1993 A Bonds remaining after funding of the Series 1993 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1993 A Bonds shall bear interest at such rate or rates, not exceeding the then legal maximum, payable semiannually on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution. The Series 1993 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 1993 A Bonds shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 1993 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a debt service schedule attached, representing the aggregate principal amount of the

Series 1993 A Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 1993 A Bonds shall be exchangeable at the option and expense of the Holder for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form and in denominations as determined by a Supplemental Resolution. The Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1993 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 1993 A Bonds shall cease to be such officer of the Issuer before the Series 1993 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 1993 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 1993 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 1993 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth

below, the Series 1993 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 1993 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 1993 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and

complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 1993 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the Series 1993 A Bonds Reserve Account. No holder or holders of the Series 1993 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1993 A Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions. The payment of the debt service of all the Series 1993 A Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1993 A Bonds and to make the payments into the Series 1993 A Bonds Sinking Fund, the Series 1993 A Bonds Reserve Account therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 1993 A Bonds as the same become due.

Section 3.09. Form of Series 1993 A Bonds. The text of the Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF SERIES 1993 A BOND]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
DANVILLE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND,
SERIES 1993 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That DANVILLE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Boone County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), in installments on October 1 of each year, as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 199__. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 199___.

This Bond is issued (i) to pay the Issuer's Sewerage System Design Notes, Series 1986, heretofore issued to finance a portion of the costs of designing the sewerage system of the Issuer and related costs; (ii) to pay a portion of the costs of acquisition and construction of certain new public sewerage facilities of the Issuer (the "Project"); (iii) [to pay interest on the Bonds of this Series (the "Bonds") during the construction of the Project and for not more than 6 months thereafter; (iv) to fund a reserve account for the Bonds; and (v)] to pay certain costs of issuance hereof and related costs. The Project and any additions, improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted by the Issuer on _____, 199____, and a Supplemental Resolution duly adopted by the Issuer on _____, 199____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1993 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1993 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Bonds, provided however, that so long as there exists in the Series 1993 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will

become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding prior to or on a parity with the Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

IN WITNESS WHEREOF, DANVILLE PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1993 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement with Authority. The Series 1993 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

Section 3.11. "Amended Schedule A" Filing. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts or issuance of the Series 1993 A Bonds, the Issuer may issue and sell its Notes in an aggregate principal amount not to exceed $530,000. The Notes may be in the form of bond anticipation notes, grant anticipation notes and/or as evidence of a line of credit from a commercial bank or other lender, or any combination of the foregoing, at the discretion of the Issuer, and as shall be set forth in one or more resolutions supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture and/or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes, if issued, shall be issued in fully registered form, in the denominations, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or one or more supplemental resolutions, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 1993 A Bonds or the Net Revenues (if issued in the form of Bond Anticipation Notes) or the Grant Receipts, the Surplus Revenues and letter of credit proceeds (if issued in the form of Grant Anticipation Notes) and from other sources described in the Indenture and/or such supplemental resolution or resolutions. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power, if any, of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture and/or the Supplemental Resolution.

Section 4.04. Letters of Credit. As additional security for any Notes, the Issuer may obtain a letter or letters of credit

from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $530,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter or letters of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with 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;

(2) Renewal and Replacement Fund;

(3) Bond Construction Trust Fund; and

(4) Rebate Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with the Commission:

(1) Series 1993 A Bonds Sinking Fund; and

(2) Within the Series 1993 A Bonds Sinking Fund, the Series 1993 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1993 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1993 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1993 A Bonds on the next ensuing semiannual

interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1993 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1993 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1993 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1993 A Bonds on the next ensuing principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1993 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1993 A Bonds, if not fully funded upon issuance of the Series 1993 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1993 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1993 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1993 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1993 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System, transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with

Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the reserves established with respect to the Series 1993 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof] shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1993 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1993 A Bonds as the same shall become due. Moneys in the Series 1993 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1993 A Bonds as the same shall come due, when other moneys in the Series 1993 A Bonds Sinking Fund are insufficient therefor, and for no other purpose, except for transfers to the Rebate Fund permitted hereunder.

Except to the extent transferred to the Rebate Fund at the request of the Issuer, all investment earnings on moneys in the Series 1993 A Bonds Sinking Fund and Series 1993 A Bonds 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 Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1993 A Bonds, and then to the next ensuing principal payment due thereon.

Except with respect to transfers to the Rebate Fund permitted hereunder, any withdrawals from the Series 1993 A Bonds Reserve Account which result in a reduction in the balance of the Series 1993 A Bonds Reserve Account to below the Series 1993 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1993 A Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Bonds are issued, provision shall be made for additional payments into the respective Sinking 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 concomitant 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 1993 A Bonds Sinking Fund or the Series 1993 A Bonds Reserve Account therein when the aggregate amount of funds in said Sinking Fund and Reserve Account are at least equal to the aggregate principal amount of the Series 1993 A Bonds issued pursuant to this Bond Legislation 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 1993 A Bonds Sinking Fund created hereunder, and all amounts required for said 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 1993 A Bonds 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 Bond Legislation.

Moneys in the Series 1993 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

Except with respect to transfers to the Rebate Fund permitted hereunder, the Series 1993 A Bonds Sinking Fund, including the Series 1993 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1993 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 1993 A Bonds Sinking Fund, including the Series 1993 A Bonds Reserve Account therein and the Renewal and Replacement Fund during the following month or such other

period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund.

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

D. The moneys in excess of the sum insured by the maximum amounts insured by FDIC in the Revenue Fund, the Renewal and Replacement Fund and the Rebate 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.

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

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

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

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of the Series 1993 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1993 A Bonds, there shall first be deposited with the Commission in the Series 1993 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1993 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1993 A Bonds, there shall be deposited with the Commission in the Series 1993 A Bonds Reserve Account, the sum, if any, set forth in the Supplemental Resolution for funding of such Reserve Account.

C. Next, from the proceeds of the Series 1993 A Bonds, there shall be deposited with the paying agent for the Issuer's Sewerage System Design Notes, Series 1986, the amount which will be sufficient to pay, on the Closing Date, the entire principal of and interest accrued on such notes.

D. Next, from the proceeds of the Series 1993 A Bonds, there shall first be credited to the Bond Construction Trust Fund and then paid, any and all other borrowings by the Issuer made for the purpose of temporarily financing a portion of the Costs of the Project, and any borrowings by the Issuer from the Authority, including interest accrued thereon to the date of such payment, not otherwise paid from funds of the Issuer.

E. The remaining moneys derived from the sale of the Series 1993 A Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

F. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Except with respect to any transfers to the Rebate Fund permitted hereunder, moneys in the Bond Construction Trust 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 Series 1993 A Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Bond Construction Trust Fund (except for the costs of issuance of the Series 1993 A Bonds which shall be made upon request of the Issuer), shall be made only after submission to the Depository Bank of 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 Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust 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 Bond Construction Trust 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 Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, and all payment of Costs thereof, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1993 A Bonds Reserve Account, provided that, in no event shall more than 10% of the proceeds from the sale of the Series 1993 A Bonds be deposited in the Series 1993 A Bonds Reserve Account, and when such Reserve Account is fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payment due on the Series 1993 A Bonds and thereafter to the next ensuing principal payment due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.09 shall not be applied to the Grant Anticipation Notes or any line of credit evidenced by such Grant Anticipation Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Series 1993 A Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 1993 A Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions. The payment of the debt service of the Series 1993 A Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1993 A Bonds and to make the payments into the Series 1993 A Bonds Sinking Fund, including the Series 1993 A Bonds Reserve Account therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Series 1993 A Bonds as the same

become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered July 23, 1993, adopting and confirming the Recommended Decision dated June 24, 1993 (Case No. 92-1220-PSD-CN), and such rates are hereby adopted.

Section 7.05. Sale of the System. Except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Series 1993 A Bonds and the Notes, if any, Outstanding, or to effectively defease this Bond Legislation in accordance with Article X hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 1993 A Bonds, immediately be remitted to the Commission for deposit in the Series 1993 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Series 1993 A Bonds. Any balance remaining after the payment of the Series 1993 A Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution and/or the Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The

proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value or otherwise. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06, the Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to any or all of the Notes issued under the Indenture and/or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture (if an Indenture is used) and the Bond Legislation; and, so long as the Series 1993 A Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from any or all of the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1993 A Bonds. All obligations issued by the Issuer after the issuance of the Series 1993 A Bonds and payable from any or all of the

revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1993 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Series 1993 A Bonds Sinking Fund, the Series 1993 A Bonds Reserve Account and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 1993 A Bonds, and the interest thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1993 A Bonds and the interest thereon in this Bond Legislation, or upon the System or any part thereof.

Section 7.07. Parity Bonds. No Parity Bonds, payable out of any or all of the revenues of the System, shall be issued after the issuance of the Series 1993 A Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1993 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions and improvements to the System or refunding the Series 1993 A Bonds issued pursuant hereto, or both such purposes.

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of delivery of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer, the period for appeal of which has expired prior to issuance of such Parity Bonds.

Not later than simultaneously with the delivery of such Parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such extensions or improvements, if any, to the System that are to be financed by such Parity Bonds.

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

All Parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1993 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1993 A Bonds.

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

Section 7.08. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds or of a Note or Notes issued pursuant to this Bond Legislation and/or the Indenture or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds

or Notes, as the case may be, requesting the same, an annual report containing the following:

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

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall submit said report to the Trustee and the Authority, or any other original purchaser of the Bonds. Such audit report submitted to the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and

interest on the Series 1993 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1993 A Bonds; provided that, in the event that amounts equal to or in excess of the Series 1993 A Bonds Reserve Requirement are on deposit in the Series 1993 A Bonds Reserve Account and reserve accounts for obligations prior to or on a parity with the Series 1993 A Bonds are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest on the Series 1993 A Bonds and all other obligations secured by a lien on or payable from such revenues prior to or on a parity with the Series 1993 A Bonds. In any event, the Issuer shall not reduce the rates or charges for services set forth in the rate ordinance described in Section 7.04.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the Issuer is in compliance with the terms and provisions of this Bond

Legislation and the Loan Agreement and that the revenues of the System are adequate to meet the Issuer's operation and maintenance expenses and debt service requirements.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System,

nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bonds or any of the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

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

Section 7.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or

building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.16. Completion and Operation of Project. The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all Federal and state requirements and standards.

Section 7.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1993 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 1993 A Bonds during the term thereof is, under the terms of the Series 1993 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1993 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 1993 A Bonds during the term thereof is, under the terms of the Series 1993 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private

Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 1993 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1993 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1993 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1993 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1993 A Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 1993 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.18. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1993 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 1993 A Bonds.

Section 7.19. Progress Reports on Construction and Petition to Public Service Commission. The Issuer will closely monitor the progress of construction of the Project to determine when it will be

feasible for customers to connect onto the System. The Issuer shall provide, or direct the Consulting Engineers to provide, quarterly reports on the progress of construction of the Project to the Authority. As soon as the portion of the System serving the City of Madison is available for service to customers, the Issuer shall petition the Public Service Commission of West Virginia to approve the connection of such customers onto the System and the provision of service to such customers and shall also take such other actions as are necessary to expedite the provision of service to customers and the collection of rates from customers.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

exclusion of interest on the Series 1993 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1993 A Bonds which would cause the Series 1993 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a Federal information return with respect to the Series 1993 A Bonds) so that the interest on the Series 1993 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1993 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1993 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, unless otherwise agreed by the Authority, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder or under the Indenture, if any, and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The

Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 8.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 8.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1993 A Bonds from gross income for federal income tax purposes.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception thereto, then the Issuer shall submit to the Authority a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1993 A Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority including information with respect to earnings on all funds constituting "gross proceeds" of the Bonds (as such term "gross proceeds" is defined in the Code).

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Notes:

(1) If default occurs in the due and punctual payment of the principal of or interest on any Notes; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

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

B. Each of the following events shall constitute an "Event of Default" with respect to the Series 1993 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 1993 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 1993 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1993 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders.

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

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

and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1993 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1993 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1993 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 1993 A Bonds from gross income for federal income tax purposes.

Series 1993 A Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1993 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1993 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1993 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1993 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and

interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of any series of Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture and/or the Supplemental Resolution pertaining to such Notes, then with respect to such Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Notes from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Series 1993 A Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or the Series 1993 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest on the Series 1993 A Bonds and the Notes, if any, from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1993 A Bonds and Notes, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, the Indenture, if any, the Series 1993 A Bonds or the Notes, if any.

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Danville Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Series 1993 A Bonds and the Notes to be issued;

(b) The respective maximum interest rates and terms of the Series 1993 A Bonds and the Notes originally authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a Certificate of Public Convenience and Necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 28th day of July, 1993.

Frank W. Rowley
Chairman, Public Service Board

James E. Reed
Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of DANVILLE PUBLIC SERVICE DISTRICT on the 28th day of July, 1993.

Dated: July 30, 1993.

[SEAL]

Secretary, Public Service Board

07/27/93
DANJ.A4
21093/88001

DANVILLE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 1993 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY, INTEREST RATE, PRINCIPAL PAYMENT SCHEDULE, SALE PRICE AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1993 A, OF DANVILLE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Danville Public Service District (the "Issuer"), has duly and officially adopted a bond and notes resolution, effective July 28, 1993 (the "Bond and Notes Resolution" or the "Resolution") entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF DANVILLE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $4,384,319 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1993 A, AND NOT MORE THAN $530,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF BOND ANTICIPATION NOTES, GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR ANY COMBINATION OF THE FOREGOING; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond and Notes Resolution provides for the issuance of Sewer Revenue Bonds, Series 1993 A, of the Issuer (the "Bonds" or the "Series 1993 A Bonds"), in an aggregate principal amount not to exceed $4,384,319, and has authorized the execution and delivery of a loan agreement relating to the Bonds dated July 30, 1993 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond and Notes Resolution it is provided that the form of the Loan Agreement and the exact principal amount, maturity date, interest rate, interest and principal payment dates, sale price and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amount, the price, the maturity date, the redemption provisions, the interest rate and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

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

Section 1. Pursuant to the Bond and Notes Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the Sewer Revenue Bonds, Series 1993 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $4,384,319. The Bonds shall be dated the date of delivery thereof, shall finally mature April 1, 2033, shall bear interest at the rate of 6.75% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1993, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan

Agreement, as long as the Authority shall be the registered owner of the Bonds, and shall be payable in installments of principal on October 1 of each of the years, except for the final principal payment on April 1, 2033, and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar (the "Registrar") for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, in substantially the form attached hereto, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint One Valley Bank, National Association, Charleston, West Virginia, as Depository Bank under the Bond and Notes Resolution.

Section 7. Series 1993 A Bonds proceeds in the amount of $443,912 shall be deposited in the Series 1993 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 1993 A Bonds proceeds in the amount of $321,075 shall be deposited in the Series 1993 A Bonds Reserve Account.

Section 9. Series 1993 A Bonds proceeds in the amount of $77,249.46 shall be paid to Boone National Bank to pay in full the principal of and interest accrued on the Issuer's Sewerage System

Design Notes, Series 1986, heretofore issued to finance a portion of the costs of designing the System and related costs.

Section 10. Series 1993 A Bonds proceeds in the amount of $3,787.50 shall be paid to the Authority to pay in full the Step I loan.

Section 11. The remaining proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including, without limitation, costs of issuance of the Bonds and repayment of any borrowings previously incurred with respect to the Project, if any.

Section 12. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, if any, including, but not limited to, all borrowings from the West Virginia Water Development Authority.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds hereby and by the Bond and Notes Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about July 30, 1993.

Section 14. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond and Notes Resolution held by the Depository Bank until expended, in repurchase agreements or in time accounts secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements and/or time accounts, until further directed by the Issuer. Moneys in the Series 1993 A Bonds Sinking Fund shall be invested by the Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the

Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations promulgated or to be promulgated thereunder.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 28th day of July, 1993.

DANVILLE PUBLIC SERVICE DISTRICT

Frank W. Rowley

Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of DANVILLE PUBLIC SERVICE DISTRICT on the 28th day of July, 1993.

Dated: July 30, 1993.

[SEAL]

Secretary, Public Service Board

07/27/93
DANJ.B4
21093/88001

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

April 16, 2008

Boone County Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of Imre Penteck, CPA, an independent certified public accountant and an opinion of Steptoe & Johnson PLLC, as bond counsel, stating that the coverage and parity requirements have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the registered owner of the entire outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (the "Series 2008 A Bonds"), in the original aggregate principal amount of $1,200,000, by Boone County Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2008 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Sewer Revenue Bonds, Series 1993 A (West Virginia Water Development Authority), dated July 30, 1993, issued in the original aggregate principal amount of $4,384,319 (the "Prior Bonds").

Authorized Representative

03.21.08
091620.00001

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 3/26/2008

ODUCER (304)369-1111 FAX: (304)369-4010
arrell & Hill Insurance
92 MAIN ST
OB 277
ADISON WV 25130

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: WESTFIELD GROUP	24112
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

SURED
OONE COUNTY PUBLIC SERVICE DISTRICT, SEWER
O BOX 287
ANVILLE WV 25053

VERAGES

HE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, HE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. GGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

SR TR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A	X	GENERAL LIABILITY COMMERCIAL GENERAL LIABILITY CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: [X] POLICY [ ] PRO-JECT [ ] LOC	CSP3920669	7/28/2007	7/28/2008	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 2,000,000 $ 100,000 $ 5,000 $ 2,000,000 $ 4,000,000 $ 4,000,000
A	X	AUTOMOBILE LIABILITY [X] ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS [X] HIRED AUTOS [X] NON-OWNED AUTOS	CSP3920669	7/28/2007	7/28/2008	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A	X	EXCESS/UMBRELLA LIABILITY [X] OCCUR [ ] CLAIMS MADE DEDUCTIBLE RETENTION $	CSP3920669	7/28/2007	7/28/2008	EACH OCCURRENCE AGGREGATE	$ 1,000,000 $ $ $ $
A		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	CSP3920669	7/28/2007	7/28/2008	WC STATU-TORY LIMITS / OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ 1,000,000 $ 1,000,000
		OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS
WV WATER DEVELOPMENT AUTHORITY IS NAMED ADDITIONAL INSURED FOR LIABILITY IN REFERENCE TO BOND SALE FOR NEW WHARTON PROJECT

CERTIFICATE HOLDER
(304)353-8181
WV WATER DEVELOPMENT AUTHORITY
KATY MALLORY
180 ASSOCIATION DRIVE
CHARLESTON, WV 25311

CANCELLATION
SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE
Roberta J. Burns

© ACORD CORPORATION 198

IMPORTANT

If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

DISCLAIMER

The Certificate of Insurance on the reverse side of this form does not constitute a contract between the issuing insurer(s), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the policies listed thereon.

H. Wyatt Hanna, III

ATTORNEY AT LAW

512 D STREET • P.O. BOX 8070 • SOUTH CHARLESTON, WEST VIRGINIA 25303
(304) 744-3150 • FAX (304) 744-3157

RECEIVED
05 DEC -7 AM 11:06
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

December 6, 2005

Ms. Sandra Squire
Executive Secretary
Public Service Commission of WV
201 Brooks Street
Charleston, WV 25301

Re: Case No. 05-1420-PSD-CN
Boone County Public Service District

Dear Ms. Squire:

I represent Boone County Public Service District, a public utility, Boone County, West Virginia, with regard to the above referenced proceeding. As such, enclosed please find for filing is the original and twelve (12) copies of a letter from the District's General Manager, Fred Riggleman, which indicates that $300,000.00 of the funds from the United States Department of Army, Corps of Engineers, were expended for the design phase of this project. The design has been completed and the funds expended.

If you should have any questions or desire clarification of the information contained in this letter, please do not hesitate to contact me.

Sincerely,

H. Wyatt Hanna, III

H. Wyatt Hanna, III
WV State Bar No. 1579

HWHIII/rb

Enclosures

cc: Boone County PSD
Jeffery D. Ekstrom
Terry Martin
Jim Boggs

BOONE COUNTY PUBLIC SERVICE DISTRICT

Wastewater Division

P.O. Box 287
Danville, WV 25053
Office 369-2622 • Fax 369-3274

December 6, 2005

H. Wyatt Hanna
512 D Street
South Charleston, WV 25305

RE: Boone County PSD Pond Fork Wastewater Treatment Facility

Dear Wyatt,

As per conversation today concerning the Phase I funds provided by the U. S. Army Corps of Engineers for $ 300,000.00, these funds were expended for the design phase of the project. The design is complete.

If you have any questions, please contact me at 304-369-2622.

Respectfully,

Fred Riggleman,
General Manager

Terry Martin

From: "Adams, Sherry L LRH" <Sherry.L.Adams@lrh01.usace.army.mil>
To: <terrymartin@wvregion3.org>
Sent: Friday, May 25, 2007 3:26 PM
Subject: FW: Rep. Rahall Announces $990,000 For Boone County Water Projects

FYI.

Sherry L. Adams
Project Manager
US Army Corps of Engineers, Huntington
502 Eighth Street
Huntington, WV 25701-2070
304-399-5844
-----Original Message-----
From: Allen, Tonya [mailto:tonya.allen@mail.house.gov]
Sent: Friday, May 18, 2007 12:05 PM
Subject: Rep. Rahall Announces $990,000 For Boone County Water Projects

FOR IMMEDIATE RELEASE
Contact: Tonya Allen

May 18, 2007
(202) 225-3452

Rep. Rahall Announces $990,000
For Boone County Water Projects

WASHINGTON, DC - U.S. Rep. Nick Rahall, D-WV, announced today Boone County has been awarded $990,000 in federal funding from the Southern West Virginia Environmental Infrastructure Program for ongoing water projects, including $750,000 for planned construction of a new regional wastewater treatment facility.

"Our Nation's water infrastructure is often overlooked but in southern West Virginia we do not have that luxury," Rahall said. "I will continue to do all I can to secure the needed investments so our water is safe and clean and our communities are protected from flooding. These projects, being funded by the Environmental Infrastructure Program, fit well within my vision of providing southern West Virginia communities with good, clean water."

The Environmental Infrastructure Program was put in place by Rahall years ago and has helped fund many projects throughout southern West Virginia since its creation. To date, Rahall has secured approximately $22 million in federal funds for the program, which, with the support of the U.S. Army Corps of Engineers, helps our local communities in the Third Congressional District develop water and flood control projects.

The new wastewater facility project will include the removal of existing wastewater treatment facilities in the communities Wharton, Pondco, Frog Alley, Barrett, Bosses Camp and Clinton. New construction will replace 14 septic tanks and one package treatment plant.

In addition to the funding for the regional wastewater facility, $240,000 has been designated for the Anchor Road Water Extension Project. These funds will be used in the design of approximately 54,000 feet of 10-inch or smaller water lines, valves, 30 fire hydrants, individual customer meters and other related appurtenances. It also includes the design of a water storage tank and booster station.

"This is an exciting day for Boone County," Rahall said. "Projects like this might not get all of the headlines, but they play an essential role in the development of our region."

-30-

DEPARTMENT OF THE ARMY
HUNTINGTON DISTRICT, CORPS OF ENGINEERS
502 EIGHTH STREET
HUNTINGTON, WEST VIRGINIA 25701-2070

RECEIVED
COUNTY
DISTRICT
07 MAY 22 AM 9:33

May 18, 2007

Planning, Programs and Project Management Division
Programs and Project Management Branch
Project Management Section

Mr. Clarence V. Waller, Chairman
Boone County PSD
P.O. Box 287
Danville, WV 25052

Dear Mr. Waller:

On behalf of the U.S. Army Corps of Engineers' Section 340 Program, I am pleased to inform you that your request for the Boone County Wastewater Treatment Plant and Collection System Project in Boone County, WV was selected for additional funds. Your project was deemed appropriate under the established criteria for the Section 340 Program and selected for funding in the amount of $1,950,000 in Federal funds for project construction.

This is a reimbursable program and should not be considered a grant program. The Corps of Engineers is authorized to provide assistance for a defined scope of work with cost sharing at 75% Federal and 25% non-Federal. You will be working with Sherry Adams, the Corps project manager for the Section 340 Program, on the development of a scope of work and she will also provide you with program details.

We congratulate you and look forward to continuing to work together to make West Virginia a better place for us all. If you need to contact her, she can be reached at (304) 399-5844 or by email at Sherry.L.Adams@usace.army.mil.

Sincerely,

Dana R. Hurst
Colonel, Corps of Engineers
District Engineer

Printed on Recycled Paper

Jan 29 08 05:34p Boone County PSD (304) 369-6276 p.2

FAX

Boone County Public Service District
P. O. Box 287
Danville, WV 25053

Date January 31, 2008

Number of pages including cover sheet 10

To:

Terry Martin

Phone 304-744-7514

Fax Phone 304-744-2534

CC:

From:

Fred L. Riggleman

General Manager

Phone 304-369-2622

Fax Phone 304-369-6276

REMARKS:

☐ Urgent ☒ For your review ☐ Reply ASAP ☐ Please comment

Terry:

Boone County PSD Funding

Fred

DEPARTMENT OF THE ARMY
HUNTINGTON DISTRICT, CORPS OF ENGINEERS
502 EIGHTH STREET
HUNTINGTON, WEST VIRGINIA 25701-2070

REPLY TO
ATTENTION OF

May 7, 2003

Planning, Programs and Project Management Division
Project Management Branch

Mr. Fred Riggleman
P.O. 287
Danville, WV 25053

Mr. Riggleman,

Enclosed is the Project Management Plan for the Boone Co. Regional Wastewater Collection System and Treatment Plant Design Project. This document explains a few things about the project i.e., scope, cost, schedule. This plan will be updated monthly and I can provide you with any schedule changes as they occur. For now if you could please review this plan and let me know if you have any questions or concerns. When we meet later this month I will bring the original document for your signature.

I look forward to meeting you later this month. If you have any questions, feel free to contact me at (304) 528-7444.

Sincerely,

Sherry Adams

Sherry Adams
Project Manager, Boone Co. Regional Wastewater
Collection System and Treatment Plant
Design Project

PROJECT MANAGEMENT PLAN

BOONE COUNTY REGIONAL COLLECTION SYSTEM AND TREATMENT PLANT DESIGN PROJECT

SECTION 340 SOUTHERN WEST VIRGINIA ENVIRONMENTAL INFRASTRUCTURE PROGRAM

Prepared By:
U.S. Army Corps of Engineers
Huntington District
April 2003

PROJECT MANAGEMENT PLAN

BOONE CO. REGIONAL WASTEWATER COLLECTION SYSTEM AND TREATMENT PLANT PROJECT

SECTION 340 SOUTHERN WEST VIRGINIA

ENVIRONMENTAL INFRASTRUCTURE PROGRAM

1. AUTHORIZATION

The Boone County Sewer Project is authorized by Section 340 of the Water Resources and Development Act of 1992 (Public Law 102-580).

2. SCOPE

The proposed Boone County Sewer Project is located in Boone County, West Virginia. The design of Boone County Regional Wastewater Collection System and Treatment Plant Design Project, in Boone County, West Virginia, includes the installation of approximately 11 lift stations with requisite telemetry, approximately 30,000 linear feet of various size gravity and force main sewer, manholes, casing, valves, clean-outs, service tees, laterals, pavement replacement, and removal of existing wastewater treatment facilities for the communities of Wharton, Pondco, Frog Alley, Barrett, Bosses Camp, and Clinton in Boone County, West Virginia. Treatment of collected materials will be accomplished through connection of these facilities to the Boone County "Public Service District existing wastewater treatment facility. The estimated total project cost is $400,000.

3. NON-FEDERAL SPONSOR

The prospective Non-Federal sponsor (hereafter referred to as the sponsor) for the Boone County Sewer Project is the Boone County Public Service District (PSD). The point of contact for the Boone County PSD is:

Mr. Fred Riggleman, General Manager
P.O. Box 287
Danville, WV 25053
Phone (304) 369-2622

4. OBJECTIVES

The objective of the Boone County Sewer Project is to improve the conditions of the local environment by eliminating existing failing septic systems and "straight pipes" (untreated surface discharge of sanitary sewage) and includes a package treatment plant in the project area, within the prescribed budget and schedule. This new system will serve 434 customers with proper sewage treatment

To accomplish this objective, the Corps of Engineers (COE), Huntington District intends to enter into a Cost Reimbursement Design Project Cooperation Agreement (PCA) with the sponsor, whereby the COE will contribute 75%, and the sponsor will contribute 25%, of the total project cost. The total project cost includes design and administration (COE

Jan 31 08 03:33p Boone County PSD (304) 369-6276 p.4

and sponsor) costs. Up to $25,000 of non-cost shared funding (100% Federal funds) may be used by the COE for the pre-PCA efforts.

5. ACTIVITIES, RESPONSIBILITIES, AND QUALITY CONTROL (QC)

The Project Delivery Team (PDT) is responsible for performing all project activities and QC. The PDT members include the sponsor and its design contractors, the COE Project Manager (PM) and COE technical personnel. The COE PM will serve as the primary point of contact between the COE and the sponsor. The COE technical team is encouraged to communicate directly with the sponsor and its contractors on issues related to the execution of their specialty area of the project. Project activities and responsibilities are shown below:

Project Management Plan (PMP) – The COE is responsible for preparation of the PMP. The sponsor is responsible for reviewing the PMP and providing input if so desired.

Financial Capability Assessment – The COE is responsible for preparation and QC of the financial capability assessment to determine the capability of the sponsor to finance the non-Federal portion of the project. The sponsor is responsible for providing financial statements and audit reports to the COE.

Project Cooperation Agreement (PCA) – The COE is responsible for preparation of the draft PCA. The sponsor is responsible for reviewing the draft PCA and providing a letter of intent (LOI) to show the sponsor is willing and able to serve as the non-Federal sponsor of the project. The sponsor is also responsible for passing a resolution or ordinance authorizing participation and ratifying prior participation with the COE. The COE is responsible for the certification of legal review to determine that the PCA is legally sufficient. The sponsor and COE are responsible for signing the final PCA.

Design – The sponsor is responsible for advertising, awarding and administering the design contract for the project. The sponsor is responsible for providing engineering services required during design. The sponsor is responsible for coordinating any change orders with the COE. The sponsor is responsible for submitting monthly invoices to the COE including inspection reports, contractor invoices, and proof of payment. The COE is responsible for assuring the invoice submitted by the sponsor is in accordance with the overall completion of the project design documents. The COE is responsible for reimbursing the sponsor a proportional share of the completed design to the extent that the costs are reasonable and allowable (See below for example).

Sponsor Invoice	$50,000
Plus COE Admin. Cost	+ $5,000
Total Project Cost (TPC)	$55,000
75% of TPC (Federal Share)	$41,250
Less COE Admin. Cost	- $5,000
Reimbursement to Sponsor	$36,250

Jan 31 08 03:33p Boone County PSD (304) 369-6276 p.5

Plans and Specifications (P&S) – The sponsor is responsible for preparation of the P&S including the award and administration of any Architect-Engineer contracts. The COE is responsible for reviewing the P&S to assure that the project is designed according to Federal, State or local laws and regulations, and to provide constructive documented input for the sponsor to consider prior to finalizing the design.

Construction Cost Estimate – The sponsor is responsible for preparation of the construction cost estimate. The COE is responsible for reviewing the cost estimate and providing constructive documented input for the sponsor to consider for incorporation into the cost estimate.

Hazardous, Toxic and Radioactive Waste (HTRW) Investigation – The sponsor is responsible for performing a Limited Phase I HTRW investigation and documenting the results (See attached requirements). The COE is responsible for reviewing the HTRW report to ensure the project area is adequately covered by the investigation, and to provide guidance if additional HTRW investigations are required.

Environmental Assessment (EA) / National Environmental Policy Act (NEPA) Compliance Documents – The sponsor is responsible for preparation of the Draft EA. The COE is responsible for reviewing the Draft EA to ensure the project area is adequately addressed. The COE is responsible for preparation of the Final EA and distribution of the NEPA documents to the appropriate agencies for review.

Real Estate Gross Appraisal – The COE is responsible for preparation and QC of the real estate gross appraisal to ensure adequate costs are projected and included in the total project cost.

Real Estate, Relocations and Permit Acquisition – The sponsor is responsible for acquisition of all easements, rights-of-way, relocations and permits necessary for construction of the project. The COE is responsible for ensuring that the sponsor obtains the necessary easements, rights-of-way, relocations and permits.

Project Close Out – The COE is responsible for performing the final accounting for the project and for furnishing the sponsor with the results.

Operation and Maintenance – The sponsor is responsible for operation and maintenance of the completed project.

6. SCHEDULE

See attached Primavera schedule.

Jan 31 08 03:33p Boone County PSD (304) 369-6276 p.6

7. FINANCING / RESOURCE PLAN

ACTIVITY	COST	RESPONSIBLE EMPLOYEE	PHONE
100% Federal Funds			
Project Management Plan	$10,000	Sherry Adams	(304) 528-7444
Project Cooperation Agreement	$2,000 $8,000	Sherry Adams Jim Stephens	(304) 528-7444 (304) 529-5271
Financial Capability Assessment & QC	$4,000	John Yeager Natalie McKinley	(304) 528-7432 (304) 528-7442
Certification of Legal Review	$1,000	Norm Spero	(304) 529-5261
75% Federal / 25% Sponsor Funds			
Review Plans & Specs	$3,000	Kevin Nelson Russ Witten	(304) 529-5037 (304) 529-5201
Review Cost Estimate	$2,000	Russ Craddock	(304) 529-5205
Review HTRW Investigation	$1,500	Janet Wolfe	(304) 529-5327
Review/Coordinate EA & NEPA	$10,000	Wally Dean	(304) 528-7468
Real Estate Gross Appraisal & QC	$2,500	Steve Shideler	(304) 529-5272
Project Cooperation Agreement	$3,000	Jim Stephens	(304) 529-5271
Financial Capability Assessment & QC	$1,000	Natalie McKinley	(304) 528-7442
Legal Certification	$1,000	Norm Spero	(304) 529-5261
Project Close Out & QC	$1,000	Sherry Adams Ray Lucas	(304) 528-7444 (304) 529-5917
100% Federal Funds **75% Fed / 25% Sponsor Funds** **Total COE Cost**	**$25,000** **$25,000** **$50,000**		

Jan 31 08 03:33p Boone County PSD (304) 369-6276 p.7

8. TOTAL PROJECT COST

Sponsor Engineering Design & Admin. Cost	$375,000
COE Admin. Cost	$25,000
TOTAL PROJECT COST	**$400,000**

9. COMMUNICATION PLAN

Internal communications are the responsibility of all members of the Project Delivery Team (PDT). PDT meetings will be held as necessary to discuss and resolve project issues. The Project Manager (PM) will represent the PDT when reporting project status or issues to the Working Project Review Board (WPRB) and the Project Review Board (PRB).

The PM is responsible for external communications with the sponsor. Regular contact between the PM and the sponsor via telephone, fax, e-mail and meetings is required to establish a good working relationship and to eliminate potential problems due to mis-communication.

10. CHANGE MANAGEMENT PROCESS

Any changes in project scope, schedule or cost will be discussed and agreed upon by the PDT including the PM, team members and sponsor. Proposed changes will be documented on a Project Change Request (PCR) form and discussed at the WPRB or PRB as appropriate.

11. RISK MANAGEMENT

All projects are considered to have three primary areas in which project development and performance are potentially affected by risk and uncertainty: policy, technical, and project. Each of these areas possess certain factors whose existence and measurement either increase of decrease the perceived level of risk and uncertainty associated with the project. As the risks and uncertainty associated with these factors rise and fall, the required level of detail in the Quality Control Plan rises and falls respectively.

High levels of risk for a number of policy, technical or project related factors require a higher level of quality control and conversely low levels of risk in these factors indicate a corresponding lower level of Quality Control. The Boone County Sewer Project is considered to be very low risk in these three areas, resulting in a lower level of Quality Control.

Jan 31 08 03:34p Boone County PSD (304) 369-6276 p.8

ACTIVITIES REQUIRED FOR LIMITED PHASE I HTRW INVESTIGATIONS

(Conducted in Accordance with Current AASTM E 1527 a& 1528 Standards)

Phase I HTRW activities are performed to determine if there is a potential for any environmental concerns that may exist within the project area due to present and past property usage. The USACE has recognized that the major portion of water and sewer projects is constructed in road rights-of-ways. Therefore, the following limited-scope activities for conducting HTRW investigations have been adopted for these types of projects. These activities are to be conducted in accordance with the most current ASTM E1527 and E1528 standards. The minimum activities required are as follows:

a. A database search of the affected area to identify previous or existing hazardous waste and petroleum activities.

b. A limited interview process (i.e., Federal, state and local agencies, as well as current owners).

c. A physical inspection of the project area.

d. 60-year title searches and detailed interviews would only be necessary when real estate was being acquired on which to located permanent facilities such as pump stations, storage tanks and treatment systems.

Jan 31 08 03:34p Boone County PSD (304) 369-6276 p.9

STATEMENT OF CERTIFICATION

BOONE COUNTY REGIONAL WASTEWATER COLLECTION SYSTEM AND
TREATEMENT PLANT PROJECT
PROJECT MANAGEMENT PLAN

This is to certify that the undersigned, as members of the Project Delivery Team, have reviewed the Project Management Plan (PMP) for the Huntington District's Boone County Sewer Project, and concur in the scope, structure, and cost estimate for the subject project.

SHERRY L. ADAMS
Project Manager
PM-P

WALLACE E. DEAN
Ecologist,
PM-PD-R

JOHN YEAGER
Program Manager
PM-PD-F

STEVE SHIDELER
Assistant Chief/Reality Officer
RE

RUSSEL WITTEN
Chief/Supervisory Mechanical
Engineer EC-DE

JAMES STEPHENS
Attorney Advisor
RE-AC

KEVIN NELSON
Civil Engineer
EC-~~MQ~~ DC

RAYMOND LUCAS
Accountant
RM-F

RUSSELL CRADDOCK
Cost Engineer
EC-TC

FRED RIGGLEMAN
Boone County Public Service District
Non-Federal Sponsor

JANET WOLFE
Chemist
EC-CE

1,200,000

Project Partnering Agreement

It is my pleasure to affix my signature to this document signifying my full support for the Boone County PSD Regional Collection System and Treatment Plant Project located in Boone County, West Virginia. This project will provide sanitary sewer treatment to the communities of Wharton, Pondco, Frog Alley, Barrett, Bosses Camp, and Clinton.

I applaud the people Boone County and the Public Service District for their efforts in working with the US Army Corps of Engineers and other funding sources to make this project a reality.

With Warm Regards

Nick Joe Rahall, II
Member of Congress
WV 3rd District

Witness Herewith:

MAJ Matthew Orenstein
U.S. Army Corps of Engineers

Fred L Riggleman
General Manager
Boone Co PSD

AGREEMENT
BETWEEN
THE DEPARTMENT OF THE ARMY
AND
THE BOONE COUNTY PUBLIC SERVICE DISTRICT
FOR
CONSTRUCTION ASSISTANCE
FOR THE
BOONE COUNTY PSD REGIONAL COLLECTION
SYSTEM AND TREATMENT PLANT PROJECT
BOONE COUNTY, WEST VIRGINIA

THIS AGREEMENT is entered into this 7th day of June, 2006, by and between the Department of the Army (hereinafter the "Government"), represented by the U.S. Army Engineer, Huntington District and the Boone County Public Service District (hereinafter the "Non-Federal Sponsor"), represented by its General Manager.

WITNESSETH, THAT:

WHEREAS, the Secretary of the Army is authorized to provide design and construction assistance, which may be in the form of grants or reimbursements of the Federal share of project costs, for water-related environmental infrastructure and resource protection and development projects in southern West Virginia (hereinafter the "Section 340 Program") pursuant to Section 340 of the Water Resources Development Act of 1992, Public Law 102-580, as amended (hereinafter "Section 340");

WHEREAS, Section 340 provides that the Secretary of the Army may provide assistance for a water-related environmental infrastructure and resource protection and development project only if the project is publicly owned;

WHEREAS, Section 340 provides that $40,000,000 in Federal funds are authorized to be appropriated for design and construction assistance for the Section 340 Program;

WHEREAS, the U.S. Army Engineer, Huntington District (hereinafter the "District Engineer") has determined that the Boone County PSD Regional Collection System and Treatment Plant Project in the Communities of Wharton, Pondco, Frog Alley, Barrett, Bosses Camp, and Clinton in Boone County, West Virginia (hereinafter the "*Project*", as defined in Article I.A. of this Agreement) is eligible for implementation under Section 340;

WHEREAS, Section 340 provides that the Secretary of the Army shall not provide assistance for any water-related environmental infrastructure and resource protection and development projects until each non-Federal sponsor has entered into a written agreement to furnish its required cooperation for the project;

WHEREAS, Section 340 specifies the cost-sharing requirements applicable to the *Project*;

WHEREAS, Section 101 of the Energy and Water Development Appropriations Act, 2005, Public Law 108-447, as amended, provides that credits and reimbursements afforded for all applicable general authorities and under specific project authority shall not exceed $80,000,000 for all applicable programs and projects in each fiscal year;

WHEREAS, the Government and a non-Federal interest entered into an agreement, dated September 26, 2003, for design assistance of the *Project* (hereinafter the "Design Agreement");

WHEREAS, the Government and the Non-Federal Sponsor desire to enter into an agreement (hereinafter the "Agreement") for the provision of construction assistance for the *Project*;

WHEREAS, the Government and Non-Federal Sponsor have the full authority and capability to perform as hereinafter set forth and intend to cooperate in cost-sharing and financing of the *Project* in accordance with the terms of this Agreement; and

WHEREAS, the Government and the Non-Federal Sponsor, in connection with this Agreement, desire to foster a partnering strategy and a working relationship between the Government and the Non-Federal Sponsor through a mutually developed formal strategy of commitment and communication embodied herein, which creates an environment where trust and teamwork prevent disputes, foster a cooperative bond between the Government and the Non-Federal Sponsor, and facilitate the successful implementation of the *Project*.

NOW, THEREFORE, the Government and the Non-Federal Sponsor agree as follows:

ARTICLE I - DEFINITIONS

A. The term "*Project*" shall mean construction of a new wastewater treatment facility, and appurtenances; and the removal of existing wastewater treatment facilities in the Communities of Wharton, Pondco, Frog Alley, Barrett, Bosses Camp, and Clinton in Boone County, West Virginia as generally described in the current Boone County Regional Wastewater Treatment Plant *Plans and Specifications, Boone County PSD, Contract 1, Treatment Plant*, dated June, 2005 and approved by the District Engineer on June, 2005.

B. The term "*total project costs*" shall mean the sum of all costs incurred by the Non-Federal Sponsor and the Government in accordance with the terms of this Agreement that the District Engineer determines are directly related to construction of the *Project*. Subject to the provisions of this Agreement including audits conducted in accordance with Article X.C. of this Agreement to determine the reasonableness, allocability, and allowability of such costs, the term

shall include, but is not necessarily limited to: the Government's costs of inspection in accordance with Article II.A.4. of this Agreement; the Government's costs of technical assistance in accordance with Article II.A.4. of this Agreement; the Non-Federal Sponsor's and the Government's costs of investigations to identify the existence and extent of hazardous substances in accordance with Article XIV.A.1. and Article XIV.A.2. of this Agreement; the Non-Federal Sponsor's and the Government's costs of historic preservation activities in accordance with Article XVII.A. and Article XVII.B. of this Agreement; the Non-Federal Sponsor's construction costs; the Non-Federal Sponsor's supervision and administration costs; the Non-Federal Sponsor's costs of identification of legal and institutional structures in accordance with Article II.J. of this Agreement not incurred pursuant to any other agreement for the *Project*; the Non-Federal Sponsor's and the Government's costs of participation in the Project Coordination Team in accordance with Article V of this Agreement; the Non-Federal Sponsor's costs of contract dispute settlements or awards; the value of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement but not to exceed 25 percent of total project costs; the Non-Federal Sponsor's and the Government's costs of audit in accordance with Article X.B. and Article X.C. of this Agreement; and any other costs incurred by the Government pursuant to the provisions of this Agreement. The term does not include any costs of activities performed under any other agreement for the *Project*; any costs for operation, maintenance, repair, rehabilitation, or replacement of the *Project*; any costs of establishment and maintenance of legal and institutional structures in accordance with Article II.J. of this Agreement; any costs of *betterments*; any costs incurred in advertising and awarding any construction contracts prior to the effective date of this Agreement; any construction costs incurred prior to the effective date of this Agreement; any interest penalty paid in accordance with Article VI.B.4. of this Agreement; any costs of dispute resolution under Article VII of this Agreement; the Government's costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement; or the Non-Federal Sponsor's costs of negotiating this Agreement.

C. The term "*period of construction*" shall mean the time from the effective date of this Agreement to the date that construction of the *Project* is complete, as determined by the Government, or the date that this Agreement is terminated in accordance with Article II.E. or Article XIII or Article XIV.C. of this Agreement, whichever is earlier.

D. The term "*highway*" shall mean any highway, roadway, street, or way, including any bridge thereof, that is owned by a public entity.

E. The term "*relocation*" shall mean providing a functionally equivalent facility to the owner of a utility, cemetery, *highway*, railroad, or public facility when such action is authorized in accordance with applicable legal principles of just compensation. Providing a functionally equivalent facility may take the form of alteration, lowering, raising, or replacement and attendant demolition of the affected facility or part thereof.

F. The term "*betterment*" shall mean a difference in the construction of an element of the *Project* that results from the application of standards that the Government determines exceed

those that the Government would otherwise apply to the construction of that element. The term does not include any construction for features not included in the *Project* as defined in paragraph A. of this Article.

G. The term "*fiscal year*" shall mean one year beginning on October 1 and ending on September 30.

H. The term "*Federal program funds*" shall mean funds provided by a Federal agency, other than the Department of the Army, plus any non-Federal contribution required as a matching share therefor.

I. The term "*sufficient invoice*" shall mean submission of all of the following three items: (1) a written certification by the Non-Federal Sponsor to the Government that it has made specified payments to contractors, suppliers, or employees for performance of work in accordance with this Agreement, or a written certification by the Non-Federal Sponsor to the Government that it has received bills from contractors, suppliers, or employees for performance of work in accordance with this Agreement; (2) copies of all relevant invoices and evidence of such payments or bills received; and (3) a written request for reimbursement for the amount of such specified payments or bills received that identifies those costs that have been paid or will be paid with *Federal program funds*.

J. The term "*Section 340 Program Limit*" shall mean the amount of Federal funds authorized to be appropriated for the Section 340 Program. As of the effective date of this Agreement, such amount is $40,000,000.

K. The term "*Section 101 Limit*" shall mean the annual limit on credits and reimbursements imposed by Section 101 of the Energy and Water Development Appropriations Act, 2005, Public Law 108-447, as amended.

ARTICLE II - OBLIGATIONS OF THE GOVERNMENT AND THE NON-FEDERAL SPONSOR

A. Using its funds, the Non-Federal Sponsor expeditiously shall construct the *Project* in accordance with Federal laws, regulations, and policies.

1. The Non-Federal Sponsor shall obtain all permits and licenses necessary for the construction of the *Project* and, in the exercise of its rights and obligations under this Agreement, shall comply with all applicable Federal, state, and local laws, regulations, ordinances, and policies including the laws and regulations specified in Article XI of this Agreement. As necessary to ensure compliance with such laws, regulations, ordinances, and policies, the Non-Federal Sponsor shall include appropriate provisions in its contracts for the construction of the *Project*.

2. The Non-Federal Sponsor shall afford the Government the opportunity to

review and comment on the solicitations for all contracts for the *Project*, including relevant plans and specifications, prior to the Non-Federal Sponsor's issuance of such solicitations. To the extent possible, the Non-Federal Sponsor shall afford the Government the opportunity to review and comment on all proposed contract modifications, including change orders. In any instance where providing the Government with notification of a contract modification is not possible prior to execution of the contract modification, the Non-Federal Sponsor shall provide such notification in writing at the earliest date possible. To the extent possible, the Non-Federal Sponsor also shall afford the Government the opportunity to review and comment on all contract claims prior to resolution thereof. The Non-Federal Sponsor shall consider in good faith the comments of the Government, but the contents of solicitations, award of contracts or commencement of construction using the Non-Federal Sponsor's own forces, execution of contract modifications, resolution of contract claims, and performance of all work on the *Project* shall be exclusively within the control of the Non-Federal Sponsor.

3. At the time the Non-Federal Sponsor furnishes a contractor with a notice of acceptance of completed work for each contract for the *Project*, the Non-Federal Sponsor shall furnish a copy thereof to the Government.

4. The Government may perform periodic inspections to verify the progress of construction and that the work is being performed in a satisfactory manner. In addition, the Government may provide technical assistance to the Non-Federal Sponsor on an as-needed basis until the end of the *period of construction*. Further, the Government shall perform a final inspection to verify the completion of construction of the entire *Project* or completed portion thereof as the case may be. The Non-Federal Sponsor hereby gives the Government a right to enter, at reasonable times and in a reasonable manner, upon property that the Non-Federal Sponsor now or hereafter owns or controls for the purpose of performing such inspections.

B. In accordance with Article III of this Agreement, the Non-Federal Sponsor shall provide all lands, easements, and rights-of-way, including those required for *relocations*, the borrowing of material, and the disposal of dredged or excavated material, and shall perform or ensure performance of all *relocations* that the Non-Federal Sponsor and the Government jointly determine to be required or to be necessary for construction, operation, and maintenance of the *Project*. In addition, the Non-Federal Sponsor shall obtain all permits necessary for construction, operation, and maintenance of the *Project* on publicly owned or controlled lands.

C. The Government shall determine and include in *total project costs* any costs incurred by the Non-Federal Sponsor that the District Engineer determines are directly related to construction of the *Project*, subject to the conditions and limitations of this paragraph.

1. Pursuant to paragraph A.4. of this Article, all work performed by the Non-Federal Sponsor for the *Project* is subject to on-site inspection and determination by the Government that the work was accomplished in a satisfactory manner and is suitable for inclusion in the *Project*.

2. The Non-Federal Sponsor's costs for construction that may be eligible for inclusion in *total project costs* shall be subject to an audit in accordance with Article X.C. of this Agreement to determine the reasonableness, allocability and allowability of such costs.

3. In the performance of all work for the *Project*, the Non-Federal Sponsor must comply with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti- Kickback Act (formerly 40 U.S.C. 276c)). Notwithstanding any other provision of this Agreement, inclusion of costs for construction in *total project costs* may be withheld, in whole or in part, as a result of the Non-Federal Sponsor's failure to comply with its obligations under these laws.

4. The Non-Federal Sponsor's costs for construction that may be eligible for inclusion in *total project costs* pursuant to this Agreement are not subject to interest charges, nor are they subject to adjustment to reflect changes in price levels between the time the work is completed and the time the costs are included in *total project costs*.

5. The Government shall not include in *total project costs* any costs paid by the Non-Federal Sponsor using *Federal program funds* unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

D. The Government shall reimburse the Non-Federal Sponsor, in accordance with Article VI.B. of this Agreement, the amount necessary so that the Federal contribution towards *total project costs* equals 75 percent; however, any reimbursement by the Government is subject to the availability of funds and is limited by the *Section 340 Program Limit*.

E. Notwithstanding any other provision of this Agreement, Federal financial participation in the *Project* is limited by the following provisions of this paragraph.

1. As of the effective date of this Agreement, $20,479,826 of Federal funds have been provided by the Congress of the United States (hereinafter the "Congress") for the Section 340 Program of which $1,200,000 is currently projected to be available for the *Project*. The Government makes no commitment to request Congress to provide additional Federal funds for the Section 340 Program or the *Project*. Further, the Government's financial participation in the *Project* is limited to the Federal funds that the Government makes available to the *Project*.

2. In the event the Government projects that the amount of Federal funds the Government will make available to the *Project* through the then-current *fiscal year*, or the amount of Federal funds the Government will make available for the *Project* through the upcoming *fiscal year*, is not sufficient to meet the Federal share of *total project costs* and the

Federal share of costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement that the Government projects to be incurred through the then-current or upcoming *fiscal year*, as applicable, the Government shall notify the Non-Federal Sponsor in writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Project* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Project*, the Government's future performance under this Agreement shall be suspended and the parties shall proceed in accordance with Article XIII.B. of this Agreement. However, if the Government cannot make available sufficient Federal funds to meet the Federal share of *total project costs* in the then-current *fiscal year* solely due to the *Section 101 Limit*, only the Government's future performance related to reimbursement pursuant to paragraph D. of this Article shall be suspended.

3. If the Government determines that the total amount of Federal funds provided by Congress for the Section 340 Program has reached the *Section 340 Program Limit*, and the Government projects that the Federal funds the Government will make available to the *Project* within the *Section 340 Program Limit* will not be sufficient to meet the Federal share of *total project costs* and the Federal share of costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement, the Government shall notify the Non-Federal Sponsor in writing of such insufficiency of funds and of the date the Government projects that the Federal funds that will have been made available to the *Project* will be exhausted. Upon the exhaustion of Federal funds made available by the Government to the *Project* within the *Section 340 Program Limit*, the parties shall terminate this Agreement and proceed in accordance with Article XIII of this Agreement.

F. During the *period of construction*, the Non-Federal Sponsor shall prepare and furnish to the Government for review a proposed Operation, Maintenance, Repair, Rehabilitation and Replacement Manual (hereinafter the "OMRR&R Manual"). The failure of the Non-Federal Sponsor to prepare an OMRR&R Manual acceptable to the Government shall not relieve the Non-Federal Sponsor of its responsibilities for operation, maintenance, repair, rehabilitation, and replacement of the entire completed *Project*, or any completed portion thereof as the case may be, in accordance with the provisions of this Agreement.

G. Upon completion of construction and final inspection by the Government in accordance with paragraph A.4. of this Article, the Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace the entire *Project*, or a completed portion thereof as the case may be, in accordance with Article VIII of this Agreement. Further, after completion of all contracts for the *Project*, copies of all of the Non-Federal Sponsor's Written Notices of Acceptance of Completed Work for all contracts for the *Project* that have not been provided previously shall be provided to the Government.

H. Upon conclusion of the *period of construction*, the Government shall conduct an accounting, in accordance with Article VI.C. of this Agreement, and furnish the results to the Non-Federal Sponsor.

I. The Non-Federal Sponsor and the Government, in consultation with appropriate

Federal and State officials, shall develop a facilities or resource protection and development plan. Such plan shall include necessary design, completion of all necessary NEPA compliance, preparation of appropriate engineering plans and specifications, preparation of an OMRR&R Manual, and any other matters related to design and construction of the *Project* in accordance with this Agreement and the Design Agreement.

J. The Non-Federal Sponsor shall identify, establish, and maintain such legal and institutional structures as are necessary to assure the effective long-term operation of the *Project*. The Non-Federal Sponsor shall provide to the Government a description of such legal and institutional structures and such descriptions shall be included in the OMRR&R Manual prepared by the Non-Federal Sponsor. The Non-Federal Sponsor's costs of identification of such legal and institutional structures shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. The Government shall have no obligation under this Agreement for any costs of establishment and maintenance of such legal and institutional structures.

K. The Non-Federal Sponsor shall not use *Federal program funds* to meet any of its obligations for the *Project* under this Agreement unless the Federal agency providing the Federal portion of such funds verifies in writing that expenditure of such funds for such purpose is expressly authorized by Federal law.

L. The Non-Federal Sponsor may request the Government to acquire lands, easements, or rights-of-way or to perform *relocations* for the *Project* on behalf of the Non-Federal Sponsor. Such requests shall be in writing and shall describe the services requested to be performed or provided. If in its sole discretion the Government elects to perform or provide the requested services or any portion thereof, it shall so notify the Non-Federal Sponsor in a writing that sets forth any applicable terms and conditions, which must be consistent with this Agreement. In the event of conflict between such a writing and this Agreement, this Agreement shall control. The Non-Federal Sponsor shall be solely responsible for all costs of the services performed or provided by the Government under this paragraph and shall pay all such costs in accordance with Article VI.D. of this Agreement. Notwithstanding the acquisition of lands, easements, or rights-of-way or performance of *relocations* by the Government, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for any costs of cleanup and response in accordance with Article XIV.C. of this Agreement.

M. In the event that the Non-Federal Sponsor elects to include *betterments* in the design or construction of the *Project* during the *period of construction*, the Non-Federal Sponsor shall notify the Government in writing and describe the *betterments* it intends to design and construct. The Non-Federal Sponsor shall be solely responsible for all costs due to *betterments*, including costs associated with obtaining permits therefor, and shall pay all such costs without reimbursement by the Government.

ARTICLE III - LANDS, EASEMENTS, RIGHTS-OF-WAY, RELOCATIONS, AND COMPLIANCE WITH PUBLIC LAW 91-646, AS AMENDED

A. The Non-Federal Sponsor and the Government jointly shall determine the lands, easements, and rights-of-way required for construction, operation, and maintenance of the *Project*, including those required for *relocations*, the borrowing of material, and the disposal of dredged or excavated material. Upon reaching such determination, the Government shall provide written confirmation to the Non-Federal Sponsor thereof including a description of the lands, easements, and rights-of-way jointly determined to be required. Prior to the issuance of the solicitation for each contract for construction of the *Project*, or prior to the Non-Federal Sponsor incurring any financial obligations for construction of a portion of the *Project* using the Non-Federal Sponsor's own forces, the Non-Federal Sponsor shall acquire all lands, easements, and rights-of-way the Non-Federal Sponsor and the Government jointly determine the Non-Federal Sponsor must provide for that work and shall certify in writing to the Government that said interests have been acquired. Furthermore, prior to the end of the *period of construction*, the Non-Federal Sponsor shall acquire all lands, easements, and rights-of-way required for construction, operation, and maintenance of the *Project*. The Non-Federal Sponsor shall ensure that lands, easements, and rights-of-way required for the *Project* and that were provided by the Non-Federal Sponsor are retained in public ownership for uses compatible with the authorized purposes of the *Project*.

B. The Non-Federal Sponsor and the Government jointly shall determine the *relocations* necessary for construction, operation, and maintenance of the *Project*, including those necessary to enable the borrowing of material or the disposal of dredged or excavated material. Upon reaching such determination, the Government shall provide written confirmation to the Non-Federal Sponsor thereof including a description of the *relocations* jointly determined to be necessary. Prior to the issuance of the solicitation for each contract for construction of the *Project*, or prior to the Non-Federal Sponsor incurring any financial obligations for construction of a portion of the *Project* using the Non-Federal Sponsor's own forces, the Non-Federal Sponsor shall prepare or ensure the preparation of plans and specifications for, and perform or ensure the performance of, all *relocations* the Non-Federal Sponsor and the Government jointly determine to be necessary for that work and certify in writing to the Government that said work has been performed. Furthermore, prior to the end of the *period of construction*, the Non-Federal Sponsor shall perform or ensure performance of all *relocations* necessary for construction, operation, and maintenance of the *Project*.

C. The Non-Federal Sponsor shall comply with the applicable provisions of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, Public Law 91-646, as amended (42 U.S.C. 4601-4655), and the Uniform Regulations contained in 49 C.F.R. Part 24, in acquiring lands, easements, and rights-of-way required for construction, operation, and maintenance of the *Project*, including those required for *relocations*, the borrowing of material, or the disposal of dredged or excavated material, and shall inform all affected persons of applicable benefits, policies, and procedures in connection with said Act.

ARTICLE IV - VALUE OF LANDS, EASEMENTS, RIGHTS-OF-WAY, AND RELOCATIONS AND COSTS OF PERMITS

A. The Government shall include in *total project costs* the value of the lands, easements, and rights-of-way that the Non-Federal Sponsor and the Government jointly determine must be provided by the Non-Federal Sponsor pursuant to Article III.A. of this Agreement and the value of the *relocations* that the Non-Federal Sponsor and the Government jointly determine must be performed by the Non-Federal Sponsor or for which it must ensure performance pursuant to Article III.B. of this Agreement. The Government also shall include in *total project costs* the reasonable costs incurred by the Non-Federal Sponsor that are associated with obtaining permits pursuant to Article II.B. of this Agreement that are necessary for construction, operation, and maintenance of the *Project* on publicly owned or controlled lands. However, the Government shall not include in *total project costs* the value of any lands, easements, rights-of-way, or *relocations* that have been provided previously as an item of cooperation for another Federal project. Further, the Government shall not include in *total project costs* the value of lands, easements, rights-of-way, or *relocations* that were acquired or performed using *Federal program funds* or the costs of obtaining permits paid using *Federal program funds* unless the Federal agency providing the Federal portion of such funds verifies in writing that reimbursement for the value and costs of such items is expressly authorized by Federal law. Finally, no value or costs of such items shall be included in *total project costs* pursuant to this Article, and no reimbursement shall be provided to the Non-Federal Sponsor, for any value or costs in excess of 25 percent of *total project costs*.

B. The Non-Federal Sponsor in a timely manner shall provide the Government with such documents as are sufficient to enable the Government to determine the value of any contribution provided pursuant to Article III.A. or Article III.B. of this Agreement and to determine the reasonable costs incurred by the Non-Federal Sponsor that are associated with obtaining permits pursuant to Article II.B. of this Agreement. Upon receipt of such documents, the Government in a timely manner shall determine the value of such contributions and the reasonable costs for obtaining such permits and include in *total project costs* the amount of such value and costs that does not exceed 25 percent of *total project costs*.

C. For the sole purpose of determining the value to be included in *total project costs* in accordance with this Agreement and except as otherwise provided in paragraph E. of this Article, the value of lands, easements, and rights-of-way, including those required for *relocations*, the borrowing of material, and the disposal of dredged or excavated material, shall be the fair market value of the real property interests, plus certain incidental costs of acquiring those interests, as determined in accordance with the provisions of this paragraph.

1. Date of Valuation. The fair market value of lands, easements, or rights-of-way owned by the Non-Federal Sponsor on the effective date of this Agreement shall be the fair market value of such real property interests as of the date the Non-Federal Sponsor awards the first construction contract for the *Project*, or, if the Non-Federal Sponsor performs the construction using its own forces, the date that the Non-Federal Sponsor begins construction of

the *Project*. The fair market value of lands, easements, or rights-of-way acquired by the Non-Federal Sponsor after the effective date of this Agreement shall be the fair market value of such real property interests at the time the interests are acquired.

2. General Valuation Procedure. Except as provided in paragraph C.3. or paragraph C.5. of this Article, the fair market value of lands, easements, or rights-of-way shall be determined in accordance with the provisions of this paragraph.

a. The Non-Federal Sponsor shall obtain, for each real property interest, an appraisal that is prepared by a qualified appraiser who is acceptable to the Non-Federal Sponsor and the Government. The Non-Federal Sponsor shall provide a copy of each appraisal to the Government. The appraisal must be prepared in accordance with the applicable rules of just compensation, as specified by the Government. The fair market value shall be the amount set forth in the Non-Federal Sponsor's appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsor's appraisal, the Non-Federal Sponsor may obtain a second appraisal, and the fair market value shall be the amount set forth in the Non-Federal Sponsor's second appraisal, if such appraisal is approved by the Government. In the event the Government does not approve the Non-Federal Sponsor's second appraisal, the Non-Federal Sponsor chooses not to obtain a second appraisal, or the Non-Federal Sponsor does not provide the first appraisal as required in this paragraph, the Government shall obtain an appraisal, and the fair market value shall be the amount set forth in the Government's appraisal, if such appraisal is approved by the Non-Federal Sponsor. In the event the Non-Federal Sponsor does not approve the Government's appraisal, the Government, after consultation with the Non-Federal Sponsor, shall consider the Government's and the Non-Federal Sponsor's appraisals and determine an amount based thereon, which shall be deemed to be the fair market value.

b. Where the amount paid or proposed to be paid by the Non-Federal Sponsor for the real property interest exceeds the amount determined pursuant to paragraph C.2.a. of this Article, the Government, at the request of the Non-Federal Sponsor, shall consider all factors relevant to determining fair market value and, in its sole discretion, after consultation with the Non-Federal Sponsor, may approve in writing an amount greater than the amount determined pursuant to paragraph C.2.a. of this Article, but not to exceed the amount actually paid or proposed to be paid. If the Government approves such an amount, the fair market value shall be the lesser of the approved amount or the amount paid by the Non-Federal Sponsor, but no less than the amount determined pursuant to paragraph C.2.a. of this Article.

3. Eminent Domain Valuation Procedure. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted after the effective date of this Agreement, the Non-Federal Sponsor, prior to instituting such proceedings, shall submit to the Government notification in writing of its intent to institute such proceedings and an appraisal of the specific real property interests to be acquired in such proceedings. The Government shall have 60 calendar days after receipt of such a notice and appraisal within which to review the appraisal, if not previously approved by the Government in writing.

a. If the Government previously has approved the appraisal in writing, or if the Government provides written approval of, or takes no action on, the appraisal within such 60 day period, the Non-Federal Sponsor shall use the amount set forth in such appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

b. If the Government provides written disapproval of the appraisal, including the reasons for disapproval, within such 60 day period, the Government and the Non-Federal Sponsor shall consult in good faith to promptly resolve the issues or areas of disagreement that are identified in the Government's written disapproval. If, after such good faith consultation, the Government and the Non-Federal Sponsor agree as to an appropriate amount, then the Non-Federal Sponsor shall use that amount as the estimate of just compensation for the purpose of instituting the eminent domain proceeding. If, after such good faith consultation, the Government and the Non-Federal Sponsor cannot agree as to an appropriate amount, then the Non-Federal Sponsor may use the amount set forth in its appraisal as the estimate of just compensation for the purpose of instituting the eminent domain proceeding.

c. For lands, easements, or rights-of-way acquired by eminent domain proceedings instituted in accordance with paragraph C.3. of this Article, fair market value shall be either the amount of the court award for the real property interests taken, to the extent the Non-Federal Sponsor and the Government jointly determined such interests are required for construction, operation, and maintenance of the *Project*, or the amount of any stipulated settlement or portion thereof that the Government approves in writing.

4. Incidental Costs. For lands, easements, or rights-of-way acquired by the Non-Federal Sponsor within a five year period preceding the effective date of this Agreement, or at any time after the effective date of this Agreement, the value of the interest shall include the documented incidental costs of acquiring the interest, as determined by the Government, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. Such incidental costs shall include, but not necessarily be limited to, closing and title costs, appraisal costs, survey costs, attorney's fees, plat maps, mapping costs, actual amounts expended for payment of any relocation assistance benefits provided in accordance with Article III.C. of this Agreement, and other payments by the Non-Federal Sponsor for items that are generally recognized as compensable, and required to be paid, by applicable state law due to the acquisition of a real property interest in accordance with Article III of this Agreement. The value of the interests provided by the Non-Federal Sponsor in accordance with Article III.A. of this Agreement shall also include the documented costs of obtaining appraisals prepared for review by the Government pursuant to paragraph C.2.a. of this Article subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

5. Waiver of Appraisal. Except as required by paragraph C.3. of this Article, the Government may waive the requirement for an appraisal pursuant to this paragraph if it determines that an appraisal is unnecessary because the valuation is uncomplicated and that the estimated fair market value of the real property interest is $10,000 or less based upon a review of

available data. In such event, the Government and the Non-Federal Sponsor must agree in writing to the value of such real property interest in an amount not in excess of $10,000.

D. After consultation with the Non-Federal Sponsor, the Government shall determine the value of *relocations* in accordance with the provisions of this paragraph.

1. For a *relocation* other than a *highway*, the value shall be only that portion of *relocation* costs that the Government determines is necessary to provide a functionally equivalent facility, reduced by depreciation, as applicable, and by the salvage value of any removed items.

2. For a *relocation* of a *highway*, the value shall be only that portion of *relocation* costs that would be necessary to accomplish the *relocation* in accordance with the design standard that the State of West Virginia would apply under similar conditions of geography and traffic load, reduced by the salvage value of any removed items.

3. *Relocation* costs shall include, but not necessarily be limited to, actual costs of performing the *relocation*; planning, engineering and design costs; supervision and administration costs; and documented incidental costs associated with performance of the *relocation*, as determined by the Government. *Relocation* costs shall not include any costs due to *betterments*, as determined by the Government, nor any additional cost of using new material when suitable used material is available. *Relocation* costs shall be subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

4. The value to be included in *total project costs* for *relocations* performed within the *Project* boundaries is subject to satisfactory compliance with applicable Federal labor laws covering non-Federal construction, including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)). Notwithstanding any other provision of this Agreement, inclusion of the value of *relocations* in *total project costs* may be denied, in whole or in part, as a result of the Non-Federal Sponsor's failure to comply with its obligations under these laws.

E. Where the Government, on behalf of the Non-Federal Sponsor pursuant to Article II.L. of this Agreement, acquires lands, easements, or rights-of-way or performs *relocations*, the value to be included in *total project costs* in accordance with this Agreement shall be the costs of such work performed or provided by the Government that are paid by the Non-Federal Sponsor in accordance with Article VI.D. of this Agreement. In addition, the value to be included in *total project costs* in accordance with this Agreement shall include the documented costs incurred by the Non-Federal Sponsor in accordance with the terms and conditions agreed upon in writing pursuant to Article II.L. of this Agreement subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

F. The Government shall include in *total project costs* the reasonable costs incurred by the Non-Federal Sponsor pursuant to Article II.B. of this Agreement that are associated with obtaining permits necessary for construction, operation, and maintenance of the *Project* on publicly owned or controlled lands, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

ARTICLE V - PROJECT COORDINATION TEAM

A. To provide for consistent and effective communication, the Non-Federal Sponsor and the Government, not later than 30 calendar days after the effective date of this Agreement, shall appoint named senior representatives to a Project Coordination Team. Thereafter, the Project Coordination Team shall meet regularly until the end of the *period of construction*. The Government's Project Manager and a counterpart named by the Non-Federal Sponsor shall co-chair the Project Coordination Team.

B. The Government's Project Manager and the Non-Federal Sponsor's counterpart shall keep the Project Coordination Team informed of the progress of construction and of significant pending issues and actions, and shall seek the views of the Project Coordination Team on matters that the Project Coordination Team generally oversees.

C. Until the end of the *period of construction*, the Project Coordination Team shall generally oversee the *Project*, including matters related to: plans and specifications; scheduling; real property and *relocation* requirements; real property acquisition; contract awards and modifications; contract costs; the application of and compliance with 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)) for *relocations* and construction of the *Project*; the investigations to identify the existence and extent of hazardous substances in accordance with Article XIV.A. of this Agreement; historic preservation activities in accordance with Article XVII of this Agreement; the Government's cost projections; final inspection of the entire *Project* or completed portions thereof as the case may be; preparation of the proposed OMRR&R Manual; anticipated requirements and needed capabilities for performance of operation, maintenance, repair, rehabilitation, and replacement of the *Project*; and other matters related to the *Project*. This oversight of the *Project* shall be consistent with a project management plan developed by the Government and the Non-Federal Sponsor.

D. The Project Coordination Team may make recommendations to the Non-Federal Sponsor on matters related to the *Project* that the Project Coordination Team generally oversees, including suggestions to avoid potential sources of dispute. The Non-Federal Sponsor in good faith shall consider the recommendations of the Project Coordination Team. The Non-Federal Sponsor, having the legal authority and responsibility for construction of the *Project*, has the discretion to accept or reject, in whole or in part, the Project Coordination Team's

recommendations except as otherwise required by the provisions of this Agreement, including compliance with applicable Federal, State, or local laws or regulations.

E. The Non-Federal Sponsor's costs of participation in the Project Coordination Team shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. The Government's costs of participation in the Project Coordination Team shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

ARTICLE VI - METHOD OF PAYMENT

A. The Non-Federal Sponsor shall provide the Government with such documents as are sufficient to enable the Government to maintain current records, and provide to the Non-Federal Sponsor current projections of costs, financial obligations, contributions provided by the parties, the value included in *total project costs* of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement.

1. As of the effective date of this Agreement, *total project costs* are projected to be $1,600,000; the Government's share of *total project costs* is projected to be $1,200,000; the Non-Federal Sponsor's share of *total project costs* is projected to be $400,000; *total project costs* to be incurred by the Government are projected to be $25,000; *total project costs* to be incurred by the Non-Federal Sponsor are projected to be $1,575,000; total reimbursements in accordance with paragraph B.2. of this Article are projected to be $1,175,000; the value included in *total project costs* of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement is projected to be $12,000; the Government's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement is projected to be $5,000; the Non-Federal Sponsor's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement is projected to be $0; and the Government's total financial obligations to be incurred for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and the Non-Federal Sponsor's contribution of funds for such obligations required by Article II.L. of this Agreement are projected to be $0. These amounts and percentage are estimates subject to adjustment by the Government, after consultation with the Non-Federal Sponsor, and are not to be construed as the total financial responsibilities of the Government and the Non-Federal Sponsor.

2. By January, 2006 and by each quarterly anniversary thereof until the conclusion of the *period of construction* and resolution of all relevant claims and appeals and eminent domain proceedings, the Government shall provide the Non-Federal Sponsor with a report setting forth all contributions provided to date and the current projections of the following: *total project costs*; the Government's share of *total project costs*; the Non-Federal Sponsor's share of *total project costs*; *total project costs* incurred by the Government; *total project costs* incurred by the Non-Federal Sponsor; total reimbursements paid to the Non-Federal Sponsor; the

value included in *total project costs* of lands, easements, rights-of-way, *relocations*, and permit costs determined in accordance with Article IV of this Agreement; the Government's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement; the Non-Federal Sponsor's share of financial obligations for data recovery activities pursuant to Article XVII.E. of this Agreement; and the Government's total financial obligations to be incurred for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and the Non-Federal Sponsor's contribution of funds for such obligations required by Article II.L. of this Agreement.

B. The Government, subject to the availability of funds, shall reimburse the Non-Federal Sponsor, in accordance with the provisions of this paragraph, the amount required pursuant to Article II.D. of this Agreement.

1. Periodically, but not more frequently than once every 30 calendar days, the Non-Federal Sponsor shall provide the Government with a *sufficient invoice* for costs the Non-Federal Sponsor has incurred for the *Project*.

2. Upon receipt of such *sufficient invoice*, the Government shall review the costs identified therein and shall determine: (a) the amount to be included in *total project costs*, subject to the limitations in Article II.C. of this Agreement; (b) the total costs incurred by the parties to date (including the value of lands, easements, rights-of-way, and *relocations*, and the costs of permits determined in accordance with Article IV of this Agreement); (c) each party's share of *total project costs* and the costs of data recovery activities in accordance with Article XVII.E. of this Agreement incurred by the parties to date; (d) the costs incurred by each party to date; (e) the total amount of reimbursements the Government has made to date in accordance with this paragraph; (f) the balance of Federal funds available for the *Project*, as of the date of such review; (g) the amount of reimbursement, if any, due to the Non-Federal Sponsor; and (h) the amount that actually will be paid to the Non-Federal Sponsor (hereinafter the "payment amount") if the amount of reimbursement determined above cannot be fully paid due to an insufficiency of Federal funds or the limitations of the *Section 340 Program Limit* or the *Section 101 Limit*.

3. Within 30 calendar days after receipt of the *sufficient invoice* provided in accordance with paragraph B.1. of this Article (hereinafter the "payment period"), the Government shall: furnish the Non-Federal Sponsor written notice of the determinations made in accordance with paragraph B.2. of this Article; provide an explanation, if necessary, of why the payment amount is less than the amount of reimbursement determined due to the Non-Federal Sponsor; and make a payment to the Non-Federal Sponsor equal to the payment amount.

4. If the payment amount is not paid by the end of the payment period, the designated payment office shall credit to the Non-Federal Sponsor's account an interest penalty on the payment amount, without request from the Non-Federal Sponsor. Unless prescribed by other Federal authority, the interest penalty shall be at the rate established by the Secretary of the Treasury under Section 12 of the Contract Disputes Act of 1978 (41 U.S.C. 611) that is in effect on the first day after the end of the payment period.

a. The interest penalty shall accrue daily from the first day after the end of the payment period through the date on which the payment is made. Accruals shall be compounded at 30 calendar day intervals through the date on which the payment is made.

b. The interest penalty shall not accrue, nor be compounded, during suspension of all of the Government's future performance or during suspension of only the Government's future performance to provide reimbursement. Further no interest penalty shall accrue, nor be compounded, upon termination of this Agreement under Article XIII of this Agreement.

C. Upon conclusion of the *period of construction* and resolution of all relevant claims and appeals and eminent domain proceedings, the Government shall conduct a final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. If outstanding relevant claims and appeals or eminent domain proceedings prevent a final accounting from being conducted in a timely manner, the Government shall conduct an interim accounting and furnish the Non-Federal Sponsor with written notice of the results of such interim accounting. Once all outstanding relevant claims and appeals and eminent domain proceedings are resolved, the Government shall amend the interim accounting to complete the final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. The interim or final accounting, as applicable, shall determine *total project costs* and the costs of any data recovery activities. In addition, for each set of costs, the interim or final accounting, as applicable, shall determine each party's required share thereof, and each party's total contributions thereto as of the date of such accounting.

1. Should the interim or final accounting, as applicable, show that the Government's total required shares of *total project costs* and the costs of any data recovery activities exceed the Government's total contributions provided thereto, the Government, no later than 90 calendar days after completion of the interim or final accounting, as applicable, shall make a payment to the Non-Federal Sponsor, subject to the availability of funds and as limited by the *Section 340 Program Limit* and the *Section 101 Limit*, in an amount equal to the difference.

2. Should the interim or final accounting, as applicable, show that the total contributions provided by the Government for *total project costs* and the costs of any data recovery activities exceed the Government's total required shares thereof, the Non-Federal Sponsor shall refund the excess amount to the Government within 90 calendar days of the date of completion of such accounting by delivering a check payable to "FAO, USAED, Huntington" to the District Engineer or by providing an Electronic Funds Transfer in accordance with procedures established by the Government. In the event the Government is due a refund and funds are not available to refund the excess to the Government, the Non-Federal Sponsor shall seek such appropriations as are necessary to make the refund.

D. The Non-Federal Sponsor shall provide the contribution of funds required by Article II.L. of this Agreement for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor in accordance with the provisions of this paragraph.

1. Not less than 60 calendar days prior to the scheduled date for the first financial obligation for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor, the Government shall notify the Non-Federal Sponsor in writing of such scheduled date and of the full amount of funds the Government determines to be required from the Non-Federal Sponsor to cover the costs of such work. No later than 30 calendar days prior to the Government incurring any financial obligation for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor, the Non-Federal Sponsor shall provide the Government with the full amount of the funds required to cover the costs of such work by delivering a check payable to "FAO, USAED, Huntington" to the District Engineer, or verifying to the satisfaction of the Government that the Non-Federal Sponsor has deposited the required funds in an escrow or other account acceptable to the Government, with interest accruing to the Non-Federal Sponsor, or by presenting the Government with an irrevocable letter of credit acceptable to the Government for the required funds, or by providing an Electronic Funds Transfer of the required funds in accordance with procedures established by the Government.

2. The Government shall draw from the funds provided by the Non-Federal Sponsor such sums as the Government deems necessary to cover the Government's financial obligations for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor as they are incurred. If at any time the Government determines that the Non-Federal Sponsor must provide additional funds to pay for such work, the Government shall notify the Non-Federal Sponsor in writing of the additional funds required and provide an explanation of why additional funds are required. Within 30 calendar days from receipt of such notice, the Non-Federal Sponsor shall provide the Government with the full amount of the additional required funds through any of the payment mechanisms specified in paragraph D.1. of this Article.

3. At the time the Government conducts the interim or final accounting, as applicable, the Government shall conduct an accounting of the Government's financial obligations incurred for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and furnish the Non-Federal Sponsor with written notice of the results of such accounting. If outstanding relevant claims and appeals or eminent domain proceedings prevent a final accounting of such work from being conducted in a timely manner, the Government shall conduct an interim accounting of such work and furnish the Non-Federal Sponsor with written notice of the results of such interim accounting. Once all outstanding relevant claims and appeals and eminent domain proceedings are resolved, the Government shall amend the interim accounting to complete the final accounting and furnish the Non-Federal Sponsor with written notice of the results of such final accounting. Such interim or final accounting, as applicable, shall determine the Government's total financial obligations for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor and the Non-Federal Sponsor's contribution of funds provided thereto as of the date of such accounting.

a. Should the interim or final accounting, as applicable, show that the total obligations for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor exceed the total contribution of funds provided by the Non-Federal Sponsor for such work, the Non-Federal Sponsor, no later than 90 calendar days after receipt of written notice from the Government, shall make a payment to the Government in an amount equal to the difference by delivering a check payable to "FAO, USAED, Huntington" to the District Engineer or by providing an Electronic Funds Transfer in accordance with procedures established by the Government.

b. Should the interim or final accounting, as applicable, show that the total contribution of funds provided by the Non-Federal Sponsor for acquisition of lands, easements, or rights-of-way or performance of *relocations* for the *Project* on behalf of the Non-Federal Sponsor exceeds the total obligations for such work, the Government, subject to the availability of funds, shall refund the excess amount to the Non-Federal Sponsor within 90 calendar days of the date of completion of such accounting. In the event the Non-Federal Sponsor is due a refund and funds are not available to refund the excess amount to the Non-Federal Sponsor, the Government shall seek such appropriations as are necessary to make the refund.

ARTICLE VII - DISPUTE RESOLUTION

As a condition precedent to a party bringing any suit for breach of this Agreement, that party must first notify the other party in writing of the nature of the purported breach and seek in good faith to resolve the dispute through negotiation. If the parties cannot resolve the dispute through negotiation, they may agree to a mutually acceptable method of non-binding alternative dispute resolution with a qualified third party acceptable to both parties. Each party shall pay an equal share of any costs for the services provided by such a third party as such costs are incurred. The existence of a dispute shall not excuse the parties from performance pursuant to this Agreement.

ARTICLE VIII – OPERATION, MAINTENANCE, REPAIR, REHABILITATION, AND REPLACEMENT (OMRR&R)

A. Upon completion of construction and final inspection by the Government in accordance with Article II.A.4. of this Agreement, the Non-Federal Sponsor, pursuant to Article II.G. of this Agreement, shall operate, maintain, repair, rehabilitate, and replace the entire *Project*, or a completed portion thereof as the case may be, at no cost to the Government. The Non-Federal Sponsor shall conduct its operation, maintenance, repair, rehabilitation, and replacement responsibilities in a manner compatible with the *Project's* authorized purposes and in accordance with specific directions prescribed by the Government in the interim or final OMRR&R Manual and any subsequent amendments thereto.

B. The Non-Federal Sponsor hereby gives the Government a right to enter, at reasonable times and in a reasonable manner, upon property that the Non-Federal Sponsor now or hereafter owns or controls for access to the *Project* for the purpose of inspection, if the Government determines an inspection to be necessary. If an inspection shows that the Non-Federal Sponsor for any reason is failing to perform its obligations under this Agreement, the Government shall send a written notice describing the non-performance to the Non-Federal Sponsor.

ARTICLE IX – HOLD AND SAVE

The Non-Federal Sponsor shall hold and save the Government free from all damages arising from construction, operation, maintenance, repair, rehabilitation, and replacement of the *Project* and any *betterments*, except for damages due to the fault or negligence of the Government or its contractors.

ARTICLE X - MAINTENANCE OF RECORDS AND AUDIT

A. Not later than 60 calendar days after the effective date of this Agreement, the Government and the Non-Federal Sponsor shall develop procedures for keeping books, records, documents, or other evidence pertaining to costs and expenses incurred pursuant to this Agreement. These procedures shall incorporate, and apply as appropriate, the standards for financial management systems set forth in the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments at 32 C.F.R. Section 33.20. The Government and the Non-Federal Sponsor shall maintain such books, records, documents, or other evidence in accordance with these procedures and for a minimum of three years after completion of the accounting for which such books, records, documents, or other evidence were required. To the extent permitted under applicable Federal laws and regulations, the Government and the Non-Federal Sponsor shall each allow the other to inspect such books, records, documents, or other evidence.

B. In accordance with 32 C.F.R. Section 33.26, the Non-Federal Sponsor is responsible for complying with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507), as implemented by Office of Management and Budget (OMB) Circular No. A-133 and Department of Defense Directive 7600.10. Upon request of the Non-Federal Sponsor and to the extent permitted under applicable Federal laws and regulations, the Government shall provide to the Non-Federal Sponsor and independent auditors any information necessary to enable an audit of the Non-Federal Sponsor's activities under this Agreement. The costs of any non-Federal audits performed in accordance with this paragraph shall be allocated in accordance with the provisions of OMB Circulars A-87 and A-133, and such costs as are allocated to the *Project* shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

C. In accordance with 31 U.S.C. 7503, the Government may conduct audits in addition to any audit that the Non-Federal Sponsor is required to conduct under the Single Audit Act

Amendments of 1996. Any such Government audits shall be conducted in accordance with Government Auditing Standards and the cost principles in OMB Circular No. A-87 and other applicable cost principles and regulations. The costs of Government audits performed in accordance with this paragraph shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

ARTICLE XI - FEDERAL AND STATE LAWS

In the exercise of their respective rights and obligations under this Agreement, the Non-Federal Sponsor and the Government shall comply with all applicable Federal and State laws and regulations, including, but not limited to: Section 601 of the Civil Rights Act of 1964, Public Law 88-352 (42 U.S.C. 2000d) and Department of Defense Directive 5500.11 issued pursuant thereto; Army Regulation 600-7, entitled "Nondiscrimination on the Basis of Handicap in Programs and Activities Assisted or Conducted by the Department of the Army"; and all applicable Federal labor standards requirements including, but not limited to, 40 U.S.C. 3141-3148 and 40 U.S.C. 3701-3708 (revising, codifying and enacting without substantive change the provisions of the Davis-Bacon Act (formerly 40 U.S.C. 276a *et seq.*), the Contract Work Hours and Safety Standards Act (formerly 40 U.S.C. 327 *et seq.*) and the Copeland Anti-Kickback Act (formerly 40 U.S.C. 276c)).

ARTICLE XII - RELATIONSHIP OF PARTIES

A. In the exercise of their respective rights and obligations under this Agreement, the Government and the Non-Federal Sponsor each act in an independent capacity, and neither is to be considered the officer, agent, or employee of the other.

B. In the exercise of its rights and obligations under this Agreement, neither party shall provide, without the consent of the other party, any contractor with a release that waives or purports to waive any rights the other party may have to seek relief or redress against that contractor either pursuant to any cause of action that the other party may have or for violation of any law.

ARTICLE XIII - TERMINATION OR SUSPENSION

A. If at any time the Non-Federal Sponsor fails to fulfill its obligations under this Agreement, the Assistant Secretary of the Army (Civil Works) shall terminate this Agreement or suspend the Government's future performance under this Agreement.

B. In the event all of the Government's future performance under this Agreement or only the Government's future performance to provide reimbursement is suspended pursuant to Article II.E.2. of this Agreement such suspension shall remain in effect until such time that the Government notifies the Non-Federal Sponsor in writing that sufficient Federal funds are

available to meet the Federal share of *total project costs* and the Federal share of costs for data recovery activities in accordance with Article XVII.D. and Article XVII.E. of this Agreement the Government projects to be incurred through the then-current or upcoming *fiscal year*, or the Government or the Non-Federal Sponsor elects to terminate this Agreement.

C. In the event that the Government and the Non-Federal Sponsor determine to suspend future performance under this Agreement in accordance with Article XIV.C. of this Agreement, such suspension shall remain in effect until the Government and the Non-Federal Sponsor agree to proceed or to terminate this Agreement. In the event that the Government suspends future performance under this Agreement in accordance with Article XIV.C. of this Agreement due to failure to reach agreement with the Non-Federal Sponsor on whether to proceed or to terminate this Agreement, or the failure of the Non-Federal Sponsor to provide funds to pay for cleanup and response costs or to otherwise discharge the Non-Federal Sponsor's responsibilities under Article XIV.C. of this Agreement, such suspension shall remain in effect until: 1) the Government and Non-Federal Sponsor reach agreement on how to proceed or to terminate this Agreement; 2) the Non-Federal Sponsor provides funds necessary to pay for cleanup and response costs and otherwise discharges its responsibilities under Article XIV.C. of this Agreement; or 3) the Government terminates this Agreement in accordance with the provisions of Article XIV.C. of this Agreement.

D. In the event that this Agreement is terminated pursuant to this Article or Article II.E. or Article XIV.C. of this Agreement, both parties shall conclude their activities relating to the *Project* and conduct an accounting in accordance with Article VI.C. of this Agreement. The Government may reserve a percentage of total Federal funds made available for the *Project* as a contingency to pay costs of termination. Notwithstanding such termination, the Non-Federal Sponsor may continue with construction of the *Project*, at no cost to the Government.

E. Any termination of this Agreement or suspension of future performance under this Agreement in accordance with this Article or Article II.E. or Article XIV.C. of this Agreement shall not relieve the parties of liability for any obligation previously incurred. Any delinquent payment owed by the Non-Federal Sponsor shall be charged interest at a rate, to be determined by the Secretary of the Treasury, equal to 150 per centum of the average bond equivalent rate of the 13 week Treasury bills auctioned immediately prior to the date on which such payment became delinquent, or auctioned immediately prior to the beginning of each additional 3 month period if the period of delinquency exceeds 3 months.

ARTICLE XIV - HAZARDOUS SUBSTANCES

A. After execution of this Agreement and coordination with the Government, the Non-Federal Sponsor shall perform, or ensure performance of, any investigations for hazardous substances that the Government or the Non-Federal Sponsor determines to be necessary to identify the existence and extent of any hazardous substances regulated under the Comprehensive Environmental Response, Compensation, and Liability Act (hereinafter "CERCLA") (42 U.S.C. 9601-9675), that may exist in, on, or under lands, easements, and rights-of-way that either the

Non-Federal Sponsor and the Government jointly determine pursuant to Article III of this Agreement, or that the Non-Federal Sponsor otherwise determines, to be required for construction, operation, and maintenance of the *Project*. However, for lands, easements, and rights-of-way that the Government determines to be subject to the navigation servitude, only the Government shall perform such investigations unless the District Engineer provides the Non-Federal Sponsor with prior specific written direction, in which case the Non-Federal Sponsor shall perform such investigations in accordance with such written direction.

1. All actual costs incurred by the Non-Federal Sponsor for such investigations for hazardous substances in, on, or under any lands, easements, or rights-of-way that the Non-Federal Sponsor and the Government jointly determine to be required for construction, operation, and maintenance of the *Project*, pursuant to Article III of this Agreement, shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

2. All actual costs incurred by the Government for such investigations for hazardous substances shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

B. In the event it is discovered through any investigation for hazardous substances or other means that hazardous substances regulated under CERCLA exist in, on, or under any lands, easements, or rights-of-way that either the Non-Federal Sponsor and the Government jointly determine pursuant to Article III of this Agreement, or that the Non-Federal Sponsor otherwise determines, to be required for construction, operation, and maintenance of the *Project*, the Non-Federal Sponsor and the Government, in addition to providing any other notice required by applicable law, shall provide prompt written notice to each other, and the Non-Federal Sponsor shall not proceed with the acquisition of the real property interests until the parties agree that the Non-Federal Sponsor should proceed.

C. The Government and the Non-Federal Sponsor shall determine whether to initiate construction of the *Project*, or, if already in construction, whether to continue with construction of the *Project*, suspend future performance under this Agreement, or terminate this Agreement, in any case where hazardous substances regulated under CERCLA are found to exist in, on, or under any lands, easements, or rights-of-way that either the Non-Federal Sponsor and the Government jointly determine pursuant to Article III of this Agreement, or that the Non-Federal Sponsor otherwise determines, to be required for construction, operation, and maintenance of the *Project*. Should the Government and the Non-Federal Sponsor determine to initiate or continue with construction of the *Project* after considering any liability that may arise under CERCLA, the Non-Federal Sponsor shall be responsible, as between the Government and the Non-Federal Sponsor, for the costs of cleanup and response, including the costs of any studies and investigations necessary to determine an appropriate response to the contamination. Such costs shall not be considered a part of *total project costs*. In the event the Non-Federal Sponsor does not reach agreement with the Government on whether to proceed or to terminate this Agreement

under this paragraph, or fails to provide any funds necessary to pay for cleanup and response costs or to otherwise discharge the Non-Federal Sponsor's responsibilities under this paragraph upon direction by the Government, the Government, in its sole discretion, may either terminate this Agreement or suspend its future performance under this Agreement, including reimbursement pursuant to Article II.D. of this Agreement.

D. The Non-Federal Sponsor and the Government shall consult with each other in accordance with Article V of this Agreement in an effort to ensure that responsible parties bear any necessary cleanup and response costs as defined in CERCLA. Any decision made pursuant to paragraph C. of this Article shall not relieve any third party from any liability that may arise under CERCLA.

E. As between the Government and the Non-Federal Sponsor, the Non-Federal Sponsor shall be considered the operator of the *Project* for purposes of CERCLA liability. To the maximum extent practicable, the Non-Federal Sponsor shall operate, maintain, repair, rehabilitate, and replace the *Project* in a manner that will not cause liability to arise under CERCLA.

ARTICLE XV - NOTICES

A. Any notice, request, demand, or other communication required or permitted to be given under this Agreement shall be deemed to have been duly given if in writing and delivered personally or sent by telegram or mailed by first-class, registered, or certified mail, as follows:

If to the Non-Federal Sponsor:

General Manager
Boone County PSD
Post Office Box 287
Danville, West Virginia 25053

If to the Government:

District Engineer
Corps of Engineers
Huntington District
502 Eighth Street
Huntington, West Virginia 25701-2070

B. A party may change the address to which such communications are to be directed by giving written notice to the other party in the manner provided in this Article.

C. Any notice, request, demand, or other communication made pursuant to this Article shall be deemed to have been received by the addressee at the earlier of such time as it is actually received or seven calendar days after it is mailed.

ARTICLE XVI - CONFIDENTIALITY

To the extent permitted by the laws governing each party, the parties agree to maintain the confidentiality of exchanged information when requested to do so by the providing party.

ARTICLE XVII - HISTORIC PRESERVATION

A. The Government shall ensure compliance with Section 106 of the National Historic Preservation Act (16 U.S.C. 470f; hereinafter "Section 106") prior to initiation of construction by the Non-Federal Sponsor. At the Government's request, the Non-Federal Sponsor shall prepare information, analyses, and recommendations as required by Section 106 and implementing regulations. Any costs incurred by the Non-Federal Sponsor relating to compliance with this paragraph shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs. Any costs incurred by the Government relating to compliance with this paragraph shall be included in *total project costs* and shared in accordance with the provisions of this Agreement.

B. The Non-Federal Sponsor shall perform any identification, survey, evaluation, or mitigation (except for data recovery activities) of historic properties the Government determines necessary for the *Project*, in accordance with this paragraph.

1. The Non-Federal Sponsor shall ensure that its studies are conducted by qualified archaeologists, historians, architectural historians and historic architects, as appropriate, who meet, at minimum, the Secretary of the Interior's Professional Qualifications Standards. The Non-Federal Sponsor shall submit study plans and reports to the Government for review and approval and shall be responsible for resolving any deficiencies.

2. In the event the Government determines that mitigation (except for data recovery activities) should be undertaken due to possible adverse effects to significant archeological or historical properties, the Non-Federal Sponsor shall formulate a plan in consultation with the Government and any other parties involved in the development of a Memorandum of Agreement executed in accordance with Section 106.

3. The Non-Federal Sponsor shall be responsible for implementing mitigation (except for data recovery activities) prior to the initiation of any construction activities affecting historic properties.

4. Any costs of identification, survey, evaluation, and mitigation (except for data recovery activities) of historic properties incurred by the Non-Federal Sponsor pursuant to paragraph B. of this Article shall be included in *total project costs* and shared in accordance with the provisions of this Agreement, subject to an audit in accordance with Article X.C. of this Agreement to determine reasonableness, allocability, and allowability of costs.

C. The Non-Federal Sponsor shall include provisions in all of its construction contracts for the protection of cultural resources discovered during construction. These provisions shall include, at a minimum, the requirement to cease all work in the immediate area of a discovered cultural resource until the situation is properly evaluated, and the requirement to immediately provide verbal and written notice to the Non-Federal Sponsor and Government in the event of such discovery. Upon receipt of notice that cultural resources have been discovered, the Government, pursuant to its responsibilities under the National Historic Preservation Act, must authorize further action or study before construction may continue. If the Government concludes that such discovery warrants consultation under the National Historic Preservation Act, the Non-Federal Sponsor shall participate as a consulting party. In such a case, construction shall not continue until the Government sends written notification to the Non-Federal Sponsor. Where the Non-Federal Sponsor elects to perform the construction using its own forces, the same procedures shall be followed.

D. The Government, as it determines necessary for the *Project*, shall perform any data recovery activities associated with historic preservation. As specified in Section 7(a) of Public Law 86-523, as amended by Public Law 93-291 (16 U.S.C. 469c(a)), the costs of data recovery activities associated with historic preservation for this *Project* and all other projects implemented pursuant to the Section 340 Program shall be borne entirely by the Government up to the statutory limit of one percent of the total amount authorized to be appropriated to the Government for the Section 340 Program. None of the costs of data recovery activities shall be included in *total project costs*.

E. The Government shall not incur costs for data recovery activities that exceed the statutory one percent limit specified in paragraph D. of this Article unless and until the Assistant Secretary of the Army (Civil Works) has waived that limit, and the Secretary of the Interior has concurred in the waiver, in accordance with Section 208(3) of Public Law 96-515, as amended (16 U.S.C. Section 469c-2(3)). Any costs of data recovery activities that exceed the one percent limit shall not be included in *total project costs* but shall be shared between the Non-Federal Sponsor and the Government consistent with the cost sharing requirements of the Section 340 Program, as follows: 25 percent will be borne by the Non-Federal Sponsor and 75 percent will be borne by the Government.

ARTICLE XVIII - THIRD PARTY RIGHTS, BENEFITS, OR LIABILITIES

Nothing in this Agreement is intended, nor may be construed, to create any rights, confer any benefits, or relieve any liability, of any kind whatsoever in any third person not party to this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement, which shall become effective upon the date it is signed by the Acting District Engineer.

DEPARTMENT OF THE ARMY

BY: _____
MATTHEW S. ORENSTEIN
Major, Corps of Engineers
Acting District Engineer

DATE: 7 JUNE 2006

BOONE COUNTY PUBLIC
SERVICE DISTRICT

BY: _____
FRED RIGGLEMAN
General Manager

DATE: 6-2-2006

CERTIFICATE OF AUTHORITY

I, H. Wyatt Hanna III, do hereby certify that I am the principal legal officer of the Boone County Public Service District, that the Boone County Public Service District is a legally constituted public body with full authority and legal capability to perform the terms of the Agreement between the Department of the Army and the Boone County Public Service District in connection with the Boone County PSD Regional Collection System and Treatment Plant Project in the Communities of Wharton, Pondco, Frog Alley, Barrett, Bosses Camp, and Clinton in Boone County, West Virginia, and to pay damages, if necessary, in the event of the failure to perform in accordance with the terms of this Agreement and that the persons who have executed this Agreement on behalf of the Boone County Public Service District have acted within their statutory authority.

IN WITNESS WHEREOF, I have made and executed this certification this 7th day of June 2006.

H. Wyatt Hanna III

H. Wyatt Hanna III
Counsel for the
Boone County Public Service District

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Fred Riggleman

Fred Riggleman
General Manager
Boone County Public Service District

DATE: 6-2-2006

March 2002

FACT SHEET

PROJECT/STUDY: BOONE COUNTY PSD WASTEWATER, DESIGN

FINANCIAL DATA:

Estimated Total Project Cost (includes design and construction)	$400,000
Federal Cost (75%)	$300,000 ✓
Non-Federal Cost (25%)	$100,000

OVERVIEW: The Southern West Virginia Environmental Restoration Infrastructure and Resources Protection Development Pilot Program was authorized by Section 340 of the Water Resources Development Act of 1992 (P.L. 102-580). The program provides design and construction assistance to non-Federal interests for carrying out water related environmental infrastructure and resource protection and development projects in southern West Virginia, including projects for waste water treatment and related facilities, water supply, storage, treatment, and distribution facilities, and surface water resource protection and development.

Boone County PSD plans to design and construct a new regional wastewater treatment plant, collection system, and lift stations for the communities of Wharton, Pondco, Frog Alley, Barrett, Bosses Camp, and Clinton. This will replace 14 septic tanks and 1 package treatment plant. This new system will serve 434 customers with proper sewage treatment. The total project cost is $5.27M. Funding for this project is expected to be obtained from an IJDC loan, CWSRF, and SCBG. Funding is available for a $400k design effort. Additional funding up to $1.2M will be provided pending future appropriations.

STATUS: Project Selected

MAJOR MILESTONES:

- None at this time

POINT OF CONTACT: John Yeager CELRH-PM-PD-F, 304-528-7432

West Virginia USA West Virginia Development Office

August 31, 2005

The Honorable Mickey Brown
President
Boone County Commission
206 Court Street
Madison, West Virginia 25130

Dear Commissioner Brown :

Congratulations on the approval of an Appalachian Regional Commission (ARC) grant of $833,752 for the Pond Fork wastewater improvement project submitted by the Boone County Commission. A copy of the approval letter and official ARC project description are enclosed. Please keep this information with your project files.

Should there be a need for any changes in the scope of the project or project funding, a request should be made to the West Virginia Development Office.

Please be aware that ARC funds are considered to be the last source of funding committed to a project. Should there be a cost underrun, the funds not used are considered ARC funds and would be returned to the Commission.

If you should have any questions, please feel free to contact me at 304-558-2001.

Sincerely,

William F. Spence

William F. Spence, CCD
Community Development Representative

WFS:th

Enclosures

cc: Region III
Tracey Rowan

APPALACHIAN REGIONAL COMMISSION
A Proud Past, A New Vision

Office of the Executive Director

August 18, 2005

The Honorable Joe Manchin, III
Governor of West Virginia
State Capitol, Building 1
Charleston, West Virginia 25305

Re: Pond Fork Wastewater Facilities (WV-15159-05)

Dear Governor Manchin:

Enclosed is a copy of the Appalachian Regional Commission's approval of a grant for the referenced project dated August 17, 2005.

Appalachian Regional Commission funds in the amount of $833,752 have been made available to the Director, Office of Block Grant Assistance, U.S. Department of Housing and Urban Development.

A copy of the approval is enclosed.

Sincerely yours,

THOMAS M. HUNTER
Executive Director

Enclosure

cc: State Alternate

1666 CONNECTICUT AVENUE, NW, SUITE 700 WASHINGTON, DC 20009-1068 (202) 884-7700 FAX (202) 884-7691

APPALACHIAN REGIONAL COMMISSION

A Proud Past, A New Vision

REV (8-98)

Notice to Obligate

To: Richard Kennedy, Director
Office of Block Grant Assistance
US Department of HUD
451 Seventh St SW #7184
Washington, DC 20410
ATTN: Michael Sowell

Pursuant to the Appalachian Regional Development Act of 1965, as amended, the Appalachian Regional Commission has approved the referenced project under appropriation 46X0200. The Department of Housing and Urban Development has agreed to obligate and administer the grant under a Memorandum of Agreement with the Appalachian Regional Commission.

ARC Project Number: WV-15159-05

Project Title: Pond Fork Wastewater Facilities

Grantee: Boone County Commission (Madison, WV)

Approved Funding:

ARC Section 214	$ 833,752	15.00%
CDBG	1,500,000	27.00%
Other Federal	1,500,000	27.00%
State	306,457	6.00%
Local	1,379,279	25.00%
Total Project Cost	$ 5,519,488	100.00%

Approved:

Anne B. Pope
Federal Co-Chair

AUG 17 2005
Date

1666 CONNECTICUT AVENUE, NW, SUITE 700 WASHINGTON, DC 20009-1068 (202) 884-7700 FAX (202) 884-7691 www.arc.gov

West Virginia USA West Virginia Development Office

March 13, 2006

The Honorable Mickey Brown
President
Boone County Commission
206 Court Street
Madison, West Virginia 25130

Dear Commissioner Brown:

RE: Fiscal Year 2005 Appalachian Regional Commission
Project Number: WV-15159-05
Boone County Commission—Pond Fork Wastewater System

Congratulations on Governor Manchin's recent Appalachian Regional Commission (ARC) award to the Boone County Commission to construct a new regional wastewater treatment facility to replace package treatment plants and existing septic tanks to 299 customers that do not meet discharge requirements and are out of compliance. Also, an additional 113 customers and the Wells Mining Complex will be added to the new treatment facility.

Enclosed is the grant agreement for this project. Please execute the agreement, and enclose a resolution accepting the conditions of this contract and authorizing your signature on the last page.

Please note that the Project Development Section, which administers the Small Cities Block Grant (SCBG) program, has agreed to administer the ARC funds for this project. Therefore, the ARC funds will assume the program characteristics of the SCBG program funds.

Finally, be reminded that evidentiary materials have not been submitted to this office for the Fiscal Year 2003 Small Cities Block Grant that was awarded to the Boone County Commission. We are requesting that all evidentiary materials be submitted to this office as soon as possible. Your continued failure to fulfill these requirements may lead to withdrawal of SCBG funds for the project.

If you have any questions concerning the requirements of this letter, please contact Mrs. Angela White Negley or me at (304) 558-4010.

Sincerely,

Tracey Rowan, Manager
Project Development Section
Community Development Division

TR:anm

Enclosures

cc: John Romano

APPALACHIAN REGIONAL COMMISSION GRANT CONTRACT
between the
WEST VIRGINIA DEVELOPMENT OFFICE
and the
BOONE COUNTY COMMISSION

THIS AGREEMENT, entered into this twenty-ninth day of April, 2005, by the West Virginia Department of Finance and Administration on behalf of the West Virginia Development Office, hereinafter called the "State," and the Boone County Commission and its authorized officers, agents, and representatives, hereinafter called the "Grantee."

WITNESS THAT:

WHEREAS, the State has elected to administer an Appalachian Regional Commission Grant WV-15159-05, approved on April 29, 2005, under Section 214 of the Appalachian Region Commission Act of 1965, as amended, subject to the applicable regulations of the Department of Housing and Urban Development, including but not limited to 24 CFR Part 570, Sub-Part I, as amended or revised, and subject to the scope of the State of West Virginia's Grants Management Handbook and other Program Guidelines, receipt of which is hereby acknowledged by the Grantee.

WHEREAS, the Grantee has identified its housing and community development needs, including those of low- and moderate-income persons and the activities to be undertaken to meet such needs.

WHEREAS, the Grantee has prepared a written citizen's participation plan which provides opportunities for citizen participation, hearings, and access to information with respect to the proposed project statement in such a manner as to afford affected citizens an opportunity for examination and comment regarding the proposed project and on the community development performance of the Grantee, a Community Development Plan, and an Anti-displacement and Relocation Assistance Plan.

WHEREAS, for audit purposes, the Catalog of Federal Domestic Assistance number is 23.002, Appalachian Supplements to Federal Grant-in-Aid (Area Development), Appalachian Regional Commission, funded by the Appalachian Regional Commission.

WHEREAS, the Grantee has requested assistance from the State and has offered assurances that maximum feasible priority has been given to activities which will benefit low- and moderate-income families, or aid in the prevention or elimination of slums or blight, or to meet other community needs having a particular urgency because an existing condition poses a serious and immediate threat to the health and welfare of the community where other financial resources are not available to meet such needs.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. **Assistance to Grantee**. The State shall obligate to the Grantee, from funds allocated to the State by Grant Agreement WV-15159-05, $833,752 to perform such tasks hereafter described in the Scope of Services.

2. **Scope of Services**. The Grantee, or its designated agent, in accordance with the Small Cities Block Grant Handbook other Program Guidelines to be used in administration of the Appalachian Regional Commission Grant, and in accordance with the approved application of the Grantee which is attached hereto and made a part hereof as Attachment A, shall do, perform, and carry out, in a satisfactory and proper manner all duties, tasks, and functions necessary to construct a new regional wastewater treatment facility to replace package treatment plants and existing septic tanks to 299 customers that do not meet discharge requirements and are out of compliance. Also, an additional 113 customers and the Wells Mining Complex will be added to the new treatment facility.

3. **Changes**. The State and the Grantee, from time to time, may require changes in the Scope of the Services of the work to be performed hereunder. Such changes, including any increase or decrease in the amount of the Grantee's compensation and work to be performed which are mutually agreed upon by and between the State and the Grantee, shall be incorporated in written amendments to this Contract. Major changes in the Scope of Services which substantially deviate from that originally approved shall require the same

citizen participation process as performed for the initial submission of the grant proposal. The State reserves the right to make final determination on questions regarding changes in the Scope of Services.

4. **Time of Performance**. The Grantee will commence its duties under this Contract on April 29, 2005, and such duties shall be undertaken and completed in such sequences as to assure their expeditious completion in light of the purpose of the Contract; but, in any event, all of the services required hereunder shall be completed by April 29, 2008. Completion date of this Contract may only be extended by mutual written agreement of both parties.

5. **Performance Measures**. Performance measures establish that the Grantee should have all other funding in place and design and engineering completed within twelve months. Furthermore, construction should be started within eighteen months after the execution of this Agreement by both parties. These performance measures establish goals against which performance under this contract can be measured and evaluated during regular scheduled monitoring visits by the State. Failure to meet these performance measures can result in termination of this contract (see Provision 10 of this agreement).

6. **Administrative Requirements and Procedures**.

(A) *Personnel.* The Grantee represents that it has or will secure personnel with the necessary qualifications and experience required to perform the services under this Contract. Such personnel shall not be employees of, or have any contractual relationship with the State, consistent with the procedures identified in the Small Cities Block Grant Handbook.

(B) *Applicable Law.* The Grantee, its agents, and subrecipients shall comply with all the restrictions, conditions, policies, guidelines, and requirements of Title I of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended; with all applicable State and Federal Laws and regulations including 24 CFR Part 570; 24 CFR Part 85; OMB Circulars A-87, A-110, A-122, and A-133, as applicable, in administering and distributing funds provided under this Agreement including, but not limited to, the following:

(1) P.L. 88-352: Refers to Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d et. seq.) which provides that no person in the United States shall, on the grounds of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Implementing regulations are found in 24 CFR Part I.

(2) P.L. 90-284: Refers to Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601-20 et. seq.) popularly known as the Fair Housing Act which provides for fair housing throughout the United States and prohibits any person from discriminating in the sale or rental of housing, the financing of housing, or the provision of brokerage services, including otherwise making unavailable or denying a dwelling to any person, because of race, color, religion, sex, national origin, handicap, or familial status. The Grantee further certifies that it will take actions necessary to affirmatively further fair housing.

(3) Executive Order 11063, as amended by Executive Order 12259, requires that taking of all actions necessary and appropriate to prevent discrimination because of race, color, religion (creed), sex, or national origin, in the sale, leasing, rental, or other disposition of residential property and related facilities (including land to be developed for residential use), or in the use of occupancy thereof. Implementing regulations are contained in 24 CFR 107.

(4) Section 109 of P.L. 93-383 requires that no person in the United States shall, on the grounds of race, color, national origin or sex, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with community development funds.

Section 109 of the Act further provides any prohibition against discrimination on the basis of age under the Age Discrimination Act of 1975 (42 U.S.C. 6101 et. seq.) or with respect to an otherwise qualified handicapped person as provided in Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) shall also apply.

(5) Section 110 of P.L. 93-383 requires compliance with the Davis-Bacon Act, as amended (40 U.S.C. 276a - 276a-5). By reason of the foregoing requirement,

the Contract Work Hours and Safety Standards Act (40 U.S.C. 327 et. seq.) also applies. In addition , the West Virginia Act on Construction of Public Improvements, Article 5A, Chapter 21 of the West Virginia Code applies.

(6) Section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701U) requiring that to the greatest extent feasible opportunities for employment and training be given to lower income persons residing within the unit of local government or metropolitan area or nonmetropolitan county in which the project is located, and that Contracts for work in connection with the project be awarded to eligible business concerns which are located in, or owned in substantial part by, persons residing in the same area.

(7) Executive Order 11246, as amended by Executive Order 12086 shall apply and provides that no person shall be discriminated against on the basis of race, color, religion, sex, or national origin in all phases of employment during the performance of Federal or Federally assisted construction contracts.

(8) Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4831b) prohibits the use, and requires the elimination and/or abatement of the hazards of lead-based paints in residential structures constructed or rehabilitated with Federal assistance to include notification of the hazards of lead-based paint. The Lead Safe Housing Regulation (24 CFR Part 35) established the requirements for notification, evaluation, and reduction of lead-based paint hazards in federally-owned residential property and housing that receives federal assistance.

(9) The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and action as specified and required in regulations issued by the Secretary of Housing and Urban Development pursuant to Section 104(g) of the Act and published in 24 CFR Part 58. In addition to assuming responsibility for National Environmental Policy Act (P.L. 91-190), the Grantee must take into account, where applicable, the criteria, standards, policies, and regulations of the following: (a) Historic Preservation Act of 1966; (b) Executive Order 11593; (c) The Reservoir Salvage Act of 1960; (d) Flood Disaster Protection Act of 1973; (e) Executive Order 11988, Floodplain

Management; (f) Executive Order 11990, Protection of Wetlands, (g) Coastal Zone Management Act of 1972; (h) the Safe Drinking Water Act of 1974; (i) the Endangered Species Act of 1973; (j) the Wild and Scenic Rivers Act of 1968; (k) the Clean Air Act ; (l) Environmental Criteria and Standards (44 FR 40860-40866, July 12, 1979); (m) 24 CFR Part 51, Subpart B, Noise Abatement and Control; (n) Subpart C - Siting of HUD Projects Near Hazardous Operations Handling Conventional Fuels or Chemicals of an Explosive or Flammable Nature; (o) and Subpart D - Siting of HUD Projects in Runway Clear Zones and Accident Potential Zones at Military Airfields. Before committing any funds (other than for exempt activities), the Grantee must certify to the State that it has complied with all requirements and obligations that are set forth by 24 CFR Part 58. In addition, the Grantee must submit all requested Evidentiary Material to the State for approval prior to the obligation of any funds (other than for exempt activities).

(10) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA) (42 U.S.C. 4601) and HUD implementing regulations at 24 CFR Part 42 apply to the acquisition of real property for an activity assisted under this part and to the displacement of any family, individual, business, nonprofit organization or farm that results from such acquisition. The West Virginia Code, Chapter 54-3 also applies.

The Grantee must certify compliance with URA. Under Section 104(d) of the Act, each Grantee must adopt, make public and certify that it is following a residential anti-displacement and relocation assistance plan providing one-for-one replacement units and relocation assistance. The plan must also indicate the steps that will be taken to minimize the displacement of persons from their homes as a result of any activities assisted under this part all in accordance with 24 CFR Part 570.488(b).

(11) The State and the Grantee will comply with the provisions of the Department of Treasury Circular 1075 and/or the State's Small Cities Block Grant Handbook, as revised, in the process of requesting and administering funds from the State's Letter of Credit.

(12) Funds provided under this agreement shall not be expended for acquisition or construction purposes in an area that has been identified by the Federal Emergency Management Agency (FEMA) as having special flood hazards unless the community in which the area is situated is participating in the National Flood Insurance Program; and flood insurance is obtained in accordance with Section 102(a) of the Flood Disaster Protection Act of 1973.

(C) *Accounting*. The Grantee will establish a separate account for the proper recording of project costs in accordance with generally accepted accounting principles and procedures so as to reflect all receipts and allowable expenditures, including program income in connection with the said project and the purpose thereof. PI generated prior to project closeout must be expended as received for project related activities in accordance with 24 CFR 570. If the Grantee received less that $25,000 per state fiscal year in program income after closeout, the dollars received are not subject to provision of 24 CFR 570 and may be used at the Grantees discretion. If program income exceeds $25,000 in any given state fiscal year after closeout, all program income earned must be expended in accordance with 24 CFR 570.489.

(D) *Audit*. Pursuant to provisions of Chapter 6, Article 9, Section 7 of the West Virginia Code, the Community Development Division has adopted the policy of accepting annual financial audits contracted or performed by the State Auditor's Office. The Grantee will include these funds to be audited with its yearly organization-wide audit. Audits shall be conducted in accordance with the provisions of the Office of Management and Budget (OMB) Circular A-133, and with standards established by the Comptroller General as specified in Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. Units of local government will make audit reports available for public inspection within thirty (30) days after the completion of the audit.

(E) *Record Retention*. Financial records, supporting documents, statistical records, and all other records pertinent to the grant shall be retained for a period of three years, with the following qualifications:

(1) If any litigation, claim, or audit is started before the expiration of the three-year period, the records shall be retained until all litigations, claims, or audit findings involving the records have been resolved.

(2) Records for nonexpendable property acquired with Federal funds shall be retained for three years after its final disposition.

(3) Records for displacement shall be retained in accordance with the Small Cities Block Grant Handbook.

(4) The retention period starts from the date of the issuance of the final audit report.

(F) *Access to Records.* The Grantee shall, at any time during normal business hours and as often as the State or its designated representatives deem necessary, make available for examination all records, books, accounts, reports, files, and other papers, things or property of the Grantee with respect to the matters covered by this Contract. All negotiated contracts awarded by the Grantee shall include a provision that the Comptroller General or any duly authorized representative of the State or HUD shall have access to any books, documents, papers, and records of the contractor which are directly pertinent to a specific grant program for the purpose of making audit, examination, excerpts, and transcriptions.

(G) *Repayment.* The Grantee shall refund to the State or Federal government any expenditures determined to be made for an ineligible purpose for which Federal funds were received.

(H) *Competitive Procurement Procedures.* All procurement transactions, including professional services, regardless of whether negotiated or advertised and without regard to dollar value, shall be conducted in a manner that provides maximum open and free competition consistent with procedures identified in the Small Cities Block Handbook, 24 CFR Part 85, and with applicable local or State law.

The Grantee shall procure architect/engineer services in accordance with Chapter 5G of the West Virginia State Code and be in compliance with 24 CFR Part 85.

The Grantee shall procure construction contracts in accordance with Chapter 5-22-1 of the West Virginia State Code and be in compliance with federal regulations 24 CFR Part 85.

The Grantee shall solicit sealed bids for all construction-related contracts or supplies related to their project which has an estimated value of over $25,000. All transactions under $25,000 whether construction-related contracts, supplies, or professional services should be procured in a manner that provides maximum open and free competition and files are to be maintained to document such activities. Any attempts by the Grantee to segregate the project into sections in order to circumvent competitive procurement may be cause for termination of this Agreement under the provisions of Paragraph 9. These bids shall be obtained by public notice as a Class II legal advertisement in compliance with the provisions of Article Three, Chapter Fifty-Nine of the Code of West Virginia. This notice shall be published by the Grantee in the newspaper with the largest circulation serving the general area within a period of fourteen consecutive days with at least an interval of six full days within such period between the date of the first publication and the date of the second publication preceding the final date of submitting bids. The Grantee shall also, where feasible, solicit sealed bids by listing the project in the F. W. Dodge Reports, sending requests by mail to prospective suppliers or contractors, sending notification to the State's Small Business Development Center Division, and by posting notice on a bulletin board in a public place. The Grantee shall have available upon request for review by the State or its designated representative, bid documents and other evidence of compliance with these procedures. The resolution of bid and contract disputes is the responsibility of the Grantee.

Grantees have the ability to procure professional and construction services, therefore, the design-build method (5-22A-1). Public agencies can only utilize design-build on building project. Highways, water, sewer, and all other public works projects are specifically prohibited from using the design-build method.

(l) *Bonding and Insurance.* As otherwise required by law, a grant that requires the contracting or subcontracting for construction or facility improvements under

$100,000 shall provide for the Grantee to follow local or State requirements relating to bid guarantees, performance bonds, and payment bonds provided that the Grantee's and State's interest is adequately protected and that such contracts can be executed in a timely manner; otherwise, bonding requirements shall be the same as for contracts exceeding $100,000. If the contracts or subcontracts exceeds $100,000, the minimum bonding and insurance requirements shall be as follows:

(1) A bid guarantee from each bidder equivalent to five percent of the bid price. This bid guarantee shall consist of a firm commitment such as bid bond, certified check, or other negotiable instrument accompanying a bid that the bidder will, upon acceptance of the bid, execute the contractual documents as may be required within the time specified.

(2) A performance bond on the part of the contractor for 100 percent of the contract price. This performance bond shall be executed by the successful contractor in connection with a contract to secure fulfillment of the contractor's obligations under such contract.

(3) A payment bond on the part of the contractor for 100 percent of the contract price. This payment bond shall be executed in connection with a contract to assure payment is required by law of all persons supplying labor or materials in the execution of the work provided for in the Contract.

(J) *Facilities Operation.* The Grantee shall operate and maintain all facilities to which the general public has right of access constructed under the auspices of this Contract in accordance with minimum standards as may be required or prescribed by the applicable Federal, State and local statute, law, ordinance, or regulation as to actual construction procedures. The Grantee shall be responsible for maintenance and operation of such facilities upon completion. The Grantee may not change the use or planned use of any such facility (including the beneficiaries of such use) from that purpose initially approved unless the Grantee provides affected citizens with reasonable notice thereof and opportunity to comment on any proposed change all in accordance with 24 CFR Part 570.489(j).

(K) *Conflict of Interest.* No officer, agent, consultant, employee, elected or appointed official of the State, the Grantee, or any public agency or subrecipient receiving Community Development Block Grant funds who exercises or has exercised any function or responsibilities with respect to activities assisted with Community Development Block Grant funds or who are in a position to participate in a decision-making process or gain inside information with regard to such activities, may obtain a personal or financial interest or benefit from such activity or have an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds thereunder, either for themselves or those with whom they have family or business ties, during their tenure or for one (1) year thereafter. The conflict of interest provision of 24 CFR 85.36; 24 CFR 570.489 (g) and (h); and OMB Circular A-110 also apply as appropriate.

7. **Recovery of Capital Costs**. The Grantee will not attempt to recover any capital costs of public improvements assisted in whole or in part with funds from this program by assessing any amount against properties owned and occupied by persons of low and moderate income, including any fee charged or assessment made as a condition of obtaining access to such public improvements unless: (a) funds received are used to pay the proportion of such fee or assessment that relates to the capital costs of such public improvements that are financed from other revenue sources; or (b) for purposes of assessing any amount against properties owned and occupied by persons of low and moderate income who are not persons of very low income, the Grantee certifies to the State of West Virginia that it lacks sufficient funds received under the program to comply with the requirements of clause (a).

8. **Method of Payment**. In order to receive any and all payments under the terms of this Agreement, the Grantee shall submit the following: (a) a Letter of Transmittal containing a progress report, and (b) a Request for Payment Financial Report. Upon receipt of said documents, the State shall review the same for reasonableness, appropriateness and eligibility and, if approved, will cause a warrant to be made on that sum to the Grantee for

authorized expenditures from the State's Letter of Credit with the Department of Housing and Urban Development.

9. **Cost Underuns**. The State reserves the right to recapture all SCBG funds remaining due to cost underuns. The amount to be recovered will be prorated and proportional to the percent of actual total project expenditures.

10. **Termination of Contract for Cause**. If, through any cause, the Grantee shall fail to fulfill in a necessary and proper manner its obligations under this Contract or if the Grantee shall violate any of the covenants, agreements, or stipulations of this Contract, the State shall thereupon have the right to terminate this Contract by giving written notice to the Grantee to such termination and specifying the effective date thereof, at least fifteen days before the effective date of such termination. The Grantee shall be entitled to receive just and equitable compensation for any satisfactory work completed on the described project.

Notwithstanding the above, the Grantee shall not be relieved of liability to the State for damages sustained by the State by virtue of any breach of the Contract by the Grantee, and the State may withhold any payments to the Grantee for the purpose of off-setting those damages until such time as the exact amount of damages due the State from the Grantee is determined.

11. **Termination for Convenience of the State**. The State may terminate this Contract at any time by giving written notice to the Grantee of such termination and specifying the effective date of termination. If the Contract is terminated by the State as provided herein, the Grantee will be paid an amount which bears the same ratio to the total compensation as the services actually performed bear to the total services of the Grantee covered by this Contract, less payments of compensation previously made.

12. **Termination by the Grantee**. The Grantee may unilaterally rescind this Agreement at any time prior to the commencement of the project. After project commencement, this Agreement may be rescinded, modified, or amended only by mutual agreement. A project shall be deemed commenced when the State makes any expenditure or incurs any obligation with respect to the project.

13. **Reporting**. A Final Performance Report shall be submitted to the State with the final request for payment for project costs, excluding audit. Said Performance Report shall be made on the forms provided by the State and meet the requirements of said report as set forth in the appropriate Small Cities Block Grant Handbook of the State of West Virginia. Other reports may be requested by the State during the grant period as the State deems necessary and directs.

14. **Final Closeout**. Final Closeout shall be completed when the State: (a) is in receipt of a Final Performance Report; (b) has determined that all monitoring findings have been formally addressed and are resolved; and (c) has received a completed, final project audit and has determined that any findings have been resolved.

15. **Resolution of Disputes.** Resolution of disputes between the State and the Grantee concerning administrative and programmatic matters during the terms of this Agreement shall be initiated through consultation and discussion at the State's Administrative Offices with final decision on questions of policy or fact being determined by the Director of the Community Development Division of the West Virginia Development Office or his/her designated representative. Nothing in this Agreement shall be construed as making the final decision on a question of law, or to limit in any manner any remedies or recourses available under applicable laws. Citizen's complaints or disputes regarding Grantee performance or actions relative to the approved project are the responsibility of the Grantee.

16. **Notice**. The parties hereto agree that notice shall be served when mailed certified U.S. Mail to the following addresses:

West Virginia Development Office
Community Development Division
Capitol Complex
Building 6, Room 553
Charleston, West Virginia 25305-0311

GRANTEE Boone County Commission
206 Court Street
Madison, West Virginia 25130

[WITNESSETH] that the parties hereto have entered their signatures hereafter with each representing to the other that the execution of this Agreement is done with full authority and that attached hereto and made a part hereof as Attachment B, is a certified copy of the resolution, motion, or similar action of the governing body of the Grantee directing and authorizing its official representative to act in connection with this Agreement.

STATE OF WEST VIRGINIA
WEST VIRGINIA DEVELOPMENT OFFICE

_____
Stephen E. Spence, Executive Director

Boone County Commission

Mickey Brown
_____
By: Mickey Brown, President

FEDERAL EMPLOYER IDENTIFICATION NUMBER

_____
F.E.I.N.

Office of the Governor
State Capitol
1900 Kanawha Blvd., East
Charleston, WV 25305

State of West Virginia

Joe Manchin III

Governor

May 3, 2006

Telephone: (304) 558-2000
Toll Free: 1-888-438-2731
FAX: (304) 342-7025
www.wvgov.org

The Honorable Mickey Brown
President
Boone County Commission
206 Court Street
Madison, West Virginia 25130

Dear Commissioner Brown:

On October 22, 2004, the Boone County Commission received a commitment of $1,500,000 in Small Cities Block Grant funds to enable the Boone County Public Service District to construct a new regional wastewater treatment plant and collection system for the communities of Wharton, Pondco, Frog Alley, Barrett, Bosses Camp, and Clinton.

The Small Cities Block Grant award was based upon your immediate need for funds. Therefore, only $300,000 was made available from the FY2004 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations.

Based upon the Boone County Commission's ability to proceed with this worthwhile project, I am committing the remaining $1,200,000 from the FY2005 Small Cities allocation. Your existing Small Cities Block Grant contract will be amended to include the additional funds.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. These funds would be replaced with a letter of intent for consideration from future allocation.

I am pleased to assist with these improvements for the citizens of Boone County.

With warmest regards,

Joe Manchin, III
Governor

JM:ans

IC-2

(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL (the "Council") and the BOONE COUNTY PUBLIC SERVICE DISTRICT (the "Governmental Agency").

RECITALS

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $306,457 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Authority and the Governmental Agency hereby agree as follows:

TERMS

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

BOONE COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman
Date: April 16, 2008

(SEAL)

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Executive Director
Date: April 16, 2008

(SEAL)

Attest:

Barbara B Meadows
Its: Secretary-Treasurer

{C1338163.1}

Exhibit A

Project Description

The Project consists of the acquisition and construction of a wastewater treatment plant and collection system to serve existing customers and new customers in the communities of Wharton, Pondco, Barrett and Clinton in Boone County, together with all appurtenant facilities.

1210/330

Boone County Commission

Boone County Courthouse Annex
206 Court Street • Suite 300
Madison, WV 25130

Phone (304) 369-7301
Fax (304) 369-7306

ATHOLL W. HALSTEAD

MICKEY BROWN

GORDON EVERSOLE

August 21, 2007

Ms. Tracey Rowan,
Community Development Division
West Virginia Development Office
Bldg. 6 Room 553
Charleston, West Virginia 25303

RE: Change of Scope for Boone County Pond Fork Wastewater System Improvements Project.

Dear Mr. Lewis,

On August 21, 2007 at 1:45, the Commission held a public hearing to reduce the scope of the project by 112 households in the Bim area. After all comments were received from the citizens present and the PSD and Regional Council, the Commission voted to reduce the project to save approximately $700,000 in funding. The County also voted to increase the commitment from $ 700,000 to $ 1,100,000 for the Boone County Pond Fork Wastewater System Improvements Project.

With the reduction in size and this additional infusion of funds, the project only requires an additional $500,000 of Appalachian Regional Commission funding to make the project a reality.

Once the project is fully funded, the Boone County Public Service Commission will ask the PSC case reopened and request to re-advertise and bid the project and establish actual construction costs.

Thank you for your time and consideration.

Respectfully,

Mickey Brown

Mickey Brown
President

Boone County Commission

Boone County Courthouse Annex
206 Court Street • Suite 300
Madison, WV 25130

Phone (304) 369-7301
Fax (304) 369-7306

ATHOLL W. HALSTEAD

MICKEY BROWN

GORDON EVERSOLE

August 21, 2007

Mr. Bobby Lewis, Director
Community Development Division
West Virginia Development Office
Bldg. 6 Room 553
Charleston, West Virginia 25303

RE: Boone County Pond Fork Wastewater System Improvements Project.

Dear Mr. Lewis,

At a regularly scheduled Boone County Commission meeting on August 21, 2007, the Commission voted to increase the commitment from $ 700,000 to $ 1,100,000 for the Boone County Pond Fork Wastewater System Improvements Project.

With the reduction in size and this additional infusion of funds, the project only requires $ 500,000 of Appalachian Regional Commission funding to make the project a reality.

Once the project is fully funded, the Boone County Public Service Commission will ask the PSC case reopened and request to re-advertise and bid the project and establish actual construction costs.

Thank you for your time and consideration.

Respectfully,

Mickey Brown

Mickey Brown
President

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES
CAPITOL and WASHINGTON STREETS, 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINIA 25301
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Sewage) Pond Fork Sewage System

PERMIT NO.: 16,602

LOCATION: Bim, Wharton Barrett, & Clinton

COUNTY: Boone

DATE: 6-22-2005

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

Boone County PSD
Post Office Box 287
Danville, West Virginia 25053

is hereby granted approval to: install approximately 1,587 LF of 12", 3,248 LF of 10", 13,775 LF of 8", and 11,335 LF of 6" sewer line; necessary manholes and cleanouts; ten (10) sewage pump stations; approximately 11,325 LF of 4", 3,471 LF of 3", and 607 LF of 1" sewage force main; a new 200,000 G.P.D. sequencing batch reactor wastewater treatment plant with major components to consist of a 350 G.P.M. duplex plant pump station, a screening unit, dual blowers, ultraviolet disinfection, cascade aeration, aerobic digester, non-potable water system, all necessary valves, piping, controls, and appurtenances with effluent discharge to Pond Fork. Sewage treatment facilities shall be enclosed by a minimum six (6) feet high fence with a locking gate.

Facilities are to serve 410 customers at Bim, Wharton, Barrett, and Clinton in the Boone County Public Service District.

NOTE: **This permit is contingent upon maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum 18" vertical separation between crossing sewer and water lines, with the water lines above the sewer line.**

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

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

FOR THE DIRECTOR

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

WSH:snr

pc: Chapman Technical Group
O. Robert Coontz, P.E., DEP
Cliff Whyte, P.E., Division of Water and Waste Management, DEP
Boone County Health Department
OEHS-EED St. Albans District Office

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

CAPITOL and WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WEST VIRGINA, 25301
TELEPHONE 304-558-2981

PERMIT

PROJECT: (Sewage) Pond Fork Sewage System

PERMIT NO.: 17,050

LOCATION: Bim, Wharton Barrett, & Clinton

COUNTY: Boone

DATE: 5-5-2006

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

Boone County PSD
Post Office Box 287
Danville, West Virginia 25053

is hereby granted approval to: amend and modify Permit No. 16,602, issued June 22, 2005, for the sewage collection and treatment facilities to serve 410 customers at Bim, Wharton, Barrett, and Clinton in the Boone County Public Service District. The permit is being extended to May 5, 2007.

NOTE: This permit is contingent upon all unchanged conditions and requirements of Permit No. 16,602 remaining in effect.

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

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

FOR THE DIRECTOR

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

WSH:emt

pc: Chapman Technical Group
Katheryn Emery, P.E., DEP
Cliff Whyte, P.E., Division of Water and Waste Management, DEP
Boone County Health Department
OEHS-EED St. Albans District Office

RECEIVED
BOONE COUNTY
PUBLIC SERVICE DISTRICT
06 MAY 11 AM 6:33

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER AND WASTE MANAGEMENT
601 57TH STREET SE
CHARLESTON, WV 25304-2345

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0035939
SUBJECT: Sewage

ISSUE DATE: March 23, 2007
EFFECTIVE DATE : April 22, 2007
EXPIRATION DATE: March 22, 2012
SUPERSEDES: Permit No. WV0035939 dated December 29, 2000

LOCATION: DANVILLE	Boone	Coal River
(City)	(County)	(Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: BOONE COUNTY PSD
PO BOX 287
DANVILLE, WV 25053

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
operate and maintain an existing combined sewer collection system consisting of approximately 34,600 linear feet of six (6) inch diameter sewer line; 58,400 linear feet of eight (8) inch diameter sewer line; 8,400 linear feet of ten (10) inch diameter sewer line; 1,800 linear feet of 12 inch diameter sewer line; 6,900 linear feet of 15 inch diameter sewer line; 700 linear feet of 24 inch diameter sewer line; 500 linear feet of 1-1/2 inch diameter force main; 300 linear feet of three (3) inch diameter force main; 1,300 four (4) inch diameter force main; 14,200 linear feet of eight (8) inch diameter force main; six (6) lift stations; six (6) grinder pump stations; 321 manholes; one (1) oxygen injection station; and all necessary appurtenances. This collection system flows to the Little Coal River WWTP.

To operate and maintain an existing 0.500 MGD extended aeration wastewater treatment plant consisting of a mechanical bar screen; a grit removal chamber; one (1) 470,000 gallon aeration chamber; two (2) 112,800 gallon clarifiers, each with 1,257 square feet of surface area; an ultraviolet disinfection unit; a cascade post aeration unit; one (1) 35,000 gallon aerated sludge holding tank; a 1.0 meter belt filter press; and all necessary appurtenances. The system is designed to serve 5,000 persons or equivalents in the Boone county Public Service District and discharge treated wastewater via Outlet 001 into the Little Coal River (22.5 miles from its mouth) of the Coal River of the Kanawha River. Outfalls C002, C003, C004, C005, and C006 serve as combined sewer relief points that discharge during wet weather events to the Little Coal River of the Coal River of the Kanawha River.

To operate and maintain an existing sewage collection system consisting of approximately 1,680 linear feet of six (6) inch diameter sewer line; 11 manholes; and all necessary appurtenances.

To operate and maintain the existing Pond Fork sewage collection system consisting of 14 septic tanks; approximately 200 linear feet of four (4) inch diameter sewer line; 14,945 linear feet of six (6) inch diameter sewer line; 1,195 linear feet of eight (8) inch diameter sewer line; 57 manholes; 2 cleanouts; and all necessary appurtenances. This piping flows into the Barrett's MHP WWTP.

To operate and maintain an existing 10,000 gpd aeration wastewater treatment plant consisting of a bar screen; one (1) 10,000 gallon aeration chamber; one (1) 450 gallon chlorination chamber; dechlorination facilities; and all necessary appurtenances. The system is designed to serve 100 persons or equivalents in the Boone County Public Service District and discharge treated wastewater via Outlet 007 into Pond Fork (21.7 miles from its mouth) of the Little Coal River of the Coal River of the Kanawha River.

To acquire, construct, install, operate, and maintain a new wastewater collection system consisting of approximately 2,907 linear feet of four (4) inch diameter PVC and 30 linear feet of four (4) inch diameter DIP gravity sewer pipe; 11,560 linear feet of six (6) inch diameter PVC and 55 linear feet of six (6) inch diameter DIP gravity sewer pipe; 12,025 linear feet of eight (8) inch diameter PVC and 1, 749 linear feet of eight (8) inch diameter DIP gravity sewer pipe; 3,027 linear feet of ten (10) inch diameter PVC and 221 linear feet of ten (10) inch diameter DIP gravity sewer pipe; 972 linear feet of 12 inch diameter PVC and 615 linear feet of 12 inch diameter DIP; 607 linear feet of one (1) inch diameter PE force main; 3,471 linear feet of three (3) inch diameter PVC force main; 10,310 linear feet of four (4) inch diameter PVC and 1,105 linear feet of four (4) inch diameter DIP force main; 157 manholes; 45 cleanouts; 19 force main cleanouts; 10 lift stations; and all necessary appurtenances.

To acquire, construct, install, operate, and maintain a new 0.150 mgd sequential batch reactor (SBR) wastewater treatment plant consisting of one (1) lift station; a bar screen; two (2) 106,634 gallon reactors; one (1) 15,685 gallon effluent tank; one (1) 48,605 gallon aerobic digester; ultraviolet disinfection; cascade aeration; and all necessary appurtenances. The system is designed to serve approximately 410 customers and discharge treated wastewater via Outlet 008 to Pond Fork (18.5 miles from its mouth) of the Little Coal River of the Coal River of the Kanawha River. Outlet 008 will replace Outlet 007.

This permit is subject to the following terms and conditions :
The information submitted on and with Permit Application No. WV0035939 dated the 6th day of February 2006 and additional information dated 17th day of July 2006 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth and with other conditions set forth in Sections A, B, C, D, E, and Appendix A.

This Permit shall, further, be subject to Health Department Permit No. 16,602, which was approved on the 22nd day of June 2005.

The validity of this permit is contingent upon the payment of the applicable annual permit fee, as required by Chapter 22, Article 11, Section 10 of the Code of West Virginia.

BOONE COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure und)

RECEIPT OF PAYMENT OF STEP LOANS

The undersigned duly authorized representative of the West Virginia Water Development Authority, the owner of the Issuer's (i) Step I Loan by and between the Authority and Van Public Service District, formerly South Boone Public Service District, dated June 22, 1977, issued in the original aggregate principal amount of $6,250 bearing a service charge of $62.50;(ii) Step I Loan by and between the Authority and Coal River Public Service District, dated May 12, 1982, issued in the original aggregate principal amount of $20,000 bearing a service charge of $200; and (iii) Step I Loan by and between the Authority and Spruce Fork Public Service District dated June 3, 1977, issued in the original aggregate principal amount of $6,250 bearing a service charge of $62.50 (collectively, the "Step Loans") hereby certifies that it has received the sum of $32,825 and that such sum is sufficient to pay in full the entire outstanding principal of the Step Loans and the service charge thereon to the date hereof and discharge all liens, pledges and encumbrances securing the Step Loans.

Dated this 16th day of April, 2008.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Barbara B Meadows
Authorized Officer

Send Payment to:

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON WV 25311-1571
Phone: 558-3612 Fax: 558-0299

DATE: July 11, 2007

BILL TO: Boone County Public Service District
(Formerly Van Public Service District)
P.O. Box 287
Danville, WV 25053

INVOICE FOR:

PROJECT NUMBER: C-540493-01

DATE OF LOAN(S)	STEP I LOAN(S)	STEP II LOAN(S)	1% SERVICE CHARGE
06/22/77	$6,250.00	$	$62.50

AMOUNT DUE:			
	LOAN(S)	$	6,250.00
	SERVICE CHARGE		62.50
	TOTAL	$	6,312.50

*As provided in Water Development Authority Regulations and Loan Agreement(s) (Section 8) between the Water Development Authority and Van PSD (formerly South Boone PSD), the loan(s) and service charge shall be payable upon completion of financing arrangements for the Step III project which consummates the Step I and Step II projects developed.

**As provided in Water Development Authority Regulations and Loan Agreement(s) (Section 8) between the Water Development Authority and _____, the loan(s) and service charge shall be payable upon completion of financing arrangements for the Step III Project which consummates the Step I and Step II projects, or any portion thereof, developed therefor or three years after award of the Step I Loan or two years after award of the Step II Loan, whichever occurs first.

WDA-4
NO. C-540493-01

RECEIVED
JUL 15 1977
WATER DEVELOPMENT AUTHORITY

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

1. LOAN RECIPIENT (NAME AND ADDRESS): COUNTY: Boone

South Boone PSD
Barrett
WV 25013

2. LOAN RECIPIENT REPRESENTATIVE (NAME, TITLE, ADDRESS AND TELEPHONE):

Mr. Robert L. Brown, Chairman
South Boone PSD
Barrett, WV 25013

3. LOAN PAYEE (NAME, TITLE AND ADDRESS):

South Boone PSD
Barrett
WV 25013

4. APPROVED AMOUNT OF LOAN: $ 6,250

5. PAYMENTS: PAYMENTS WILL BE INITIATED BY THE WATER DEVELOPMENT AUTHORITY UPON RECEIPT (VIA DIVISION OF WATER RESOURCES, DEPARTMENT OF NATURAL RESOURCES) OF A COPY OF THE US EPA APPROVAL OF GRANT PAYMENT, WQO-4020-6, IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE US EPA.

ALL LOANS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS.
Contract extends until June 30, 1978, and shall be subject to renewal.

6. TYPE OF ACTIVITY FOR WHICH LOAN FUNDS ARE TO BE USED:

The Step I project consists of the preparation of a facilities planning study for a wastewater collection and treatment system to serve the South Boone PSD.

7. TOTAL COSTS $ 25,000

ELIGIBLE COSTS $ 25,000

FEDERAL (US EPA) GRANT AMOUNT (% OF ELIGIBLE COSTS 75) $ 18,750

STATE (WDA) LOAN AMOUNT (% OF ELIGIBLE COSTS 25) $ 6,250

8. LOAN OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A LOAN TO South Boone Public Service District FOR 25 PERCENT OF ALL APPROVED ELIGIBLE COSTS, SUCH LOAN NOT TO EXCEED $ 6,250 FOR SUPPORT OF COSTS DESCRIBED IN ITS APPLICATION AND LOAN AGREEMENT.

RECIPIENT ORGANIZATION AGREES THAT THE LOAN AND SERVICE CHARGE SHALL BE PAYABLE UPON COMPLETION OF FINANCING ARRANGEMENTS FOR THE STEP III PROJECT WHICH CONSUMMATES THE STEP I AND STEP II PROJECTS DEVELOPED. IN THE EVENT THE STEP I PROJECT SCOPE CONSISTS OF MORE THAN ONE GOVERNMENTAL AGENCY, EACH GOVERNMENTAL AGENCY SHALL BE REQUIRED TO PAY ITS RESPECTIVE SHARE OF THE TOTAL PARTICIPATION CHARGE.

LOAN AND SERVICE CHARGE. THE LOAN PROVIDED TO THE RECIPIENT ORGANIZATION IS A NO-INTEREST LOAN REPRESENTING 25 PERCENT OF A TOTAL ELIGIBLE PROJECT COST. THE SERVICE CHARGE IS SET AT ONE PERCENT (1%) OF THE VALUE OF THE LOAN.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, OR IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE RECIPIENT ORGANIZATION, THE ELIGIBLE PROJECT COSTS INCURRED PRIOR TO THE DATE OF COMPLETION OF THE WORK ON THE APPROVED PROJECT OR THE DATE OF SUCH TERMINATION, WHICHEVER IS EARLIER, SHALL BE PAID BY THE RECIPIENT ORGANIZATION OR ITS CONSTITUENTS. ANY MONEYS PAID BY EITHER PARTY PURSUANT TO THE AGREEMENT WHICH BECOMES THE OBLIGATION OF THE OTHER PARTY UNDER THE PROVISIONS OF THIS AGREEMENT SHALL BE REPAID IN NOT MORE THAN THREE (3) YEARS AFTER TERMINATION.

THIS LOAN AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL LOAN REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540493-01 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND South Boone PSD OFFERED ON April 18, 1977, AND ACCEPTED ON May 23, 1977.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry

TITLE: Director

SIGNATURE: Edgar N. Henry

DATE: June 22, 1977

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 22nd DAY OF June, 19 77.

NOTARY: Barbara A. Butcher

MY COMMISSION EXPIRES: January 3, 1984

10. A. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mr. Robert L. Brown

TITLE: Chairman, South Boone Public Service District

SIGNATURE: Robert L. Brown

DATE: July 1, 1977

STATE OF WEST VIRGINIA, COUNTY OF Boone.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 1 DAY OF July, 19 77

NOTARY: Harold D. Green

MY COMMISSION EXPIRES: May 5, 1982

10. B. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mr. Arthur Dingess

TITLE: Chairman, Van Public Service District

SIGNATURE: Arthur Dingess

DATE: July 1, 1977

STATE OF WEST VIRGINIA, COUNTY OF Boone.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 1 DAY OF July, 19 77.

NOTARY: Harold D. Green

MY COMMISSION EXPIRES: May 5, 1982

NOTE: THE LOAN AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE LOAN OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE WDA SIGNEE.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO: WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WEST VIRGINIA 25064.

Send Payment to:

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON WV 25311-1571
Phone: 558-3612 Fax: 558-0299

DATE: July 11, 2007

BILL TO: Boone County Public Service District
(Formerly Coal River Public Service District)
P.O. Box 287
Danville, WV 25053

INVOICE FOR:

PROJECT NUMBER: C-540410-02

DATE OF LOAN(S)	STEP I LOAN(S)	STEP II LOAN(S)	1% SERVICE CHARGE
05/12/82	$	$ 20,000.00	$ 200.00

AMOUNT DUE:			
	LOAN(S)	$	20,000.00
	SERVICE CHARGE		200.00
	TOTAL	$	20,200.00

*As provided in Water Development Authority Regulations and Loan Agreement(s) (Section 8) between the Water Development Authority and Coal River PSD, the loan(s) and service charge shall be payable upon completion of financing arrangements for the Step III project which consummates the Step I and Step II projects developed.

**As provided in Water Development Authority Regulations and Loan Agreement(s) (Section 8) between the Water Development Authority and _____, the loan(s) and service charge shall be payable upon completion of financing arrangements for the Step III Project which consummates the Step I and Step II projects, or any portion thereof, developed therefor or three years after award of the Step I Loan or two years after award of the Step II Loan, whichever occurs first.

WDA-4
NO. _____

Step II Loan

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

1. LOAN RECIPIENT (NAME AND ADDRESS):

COUNTY: _____

2. LOAN RECIPIENT REPRESENTATIVE (NAME, TITLE AND ADDRESS):

3. LOAN PAYEE (NAME AND ADDRESS):

4. APPROVED AMOUNT OF LOAN: $_____

5. PAYMENTS WILL BE INITIATED BY THE WDA UPON RECEIPT OF A COPY OF THE EPA APPROVED GRANT PAYMENT REQUEST IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE EPA.

   ALL LOANS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS. CONTRACT SHALL EXTEND UNTIL JUNE 30, 19____, AND IS SUBJECT TO RENEWAL.

6. TYPE OF ACTIVITY FOR WHICH LOAN FUNDS ARE TO BE USED:

7. TOTAL COSTS $_____

ELIGIBLE COSTS $_____

FEDERAL (US EPA) GRANT AMOUNT $_____
(% OF ELIGIBLE COSTS 75)

STATE (WDA) LOAN AMOUNT $_____
(% OF ELIGIBLE COSTS 25)

8. LOAN OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A LOAN TO _____ FOR UP TO 25 PERCENT OF ALL APPROVED ELIGIBLE COSTS, SUCH LOAN NOT TO EXCEED $_____ FOR SUPPORT OF COSTS DESCRIBED IN THIS LOAN AGREEMENT AND ITS APPLICATION WHICH IS HEREBY MADE A PART OF THIS AGREEMENT. RECIPIENT ORGANIZATION AGREES THAT THE LOAN AND SERVICE CHARGE SHALL BE PAYABLE UPON COMPLETION OF FINANCING ARRANGEMENTS FOR THE STEP III PROJECT WHICH CONSUMMATES THE STEP I AND STEP II PROJECTS, OR ANY PORTION THEREOF, DEVELOPED THEREFOR OR THREE YEARS AFTER AWARD OF THE STEP I LOAN OR TWO YEARS AFTER AWARD OF THE STEP II LOAN, WHICHEVER OCCURS FIRST. IF A PUBLIC ENTITY FAILS TO MEET ITS PAYMENT DEADLINES, IT MAY APPEAL TO THE WATER DEVELOPMENT BOARD FOR AN EXTENSION OF TIME; AND, IF THE DELAY IS JUSTIFIED IN THE OPINION OF THE BOARD, A TIME EXTENSION WILL BE GRANTED.

IN THE EVENT THE STEP I PROJECT SCOPE CONSISTS OF MORE THAN ONE GOVERNMENTAL AGENCY, EACH GOVERNMENTAL AGENCY SHALL BE REQUIRED TO PAY ITS RESPECTIVE SHARE OF THE TOTAL PARTICIPATION CHARGE.

LOAN AND SERVICE CHARGE. THE LOAN PROVIDED TO THE RECIPIENT ORGANIZATION IS A NO-INTEREST LOAN REPRESENTING UP TO 25 PERCENT OF A TOTAL ELIGIBLE PROJECT COST. THE SERVICE CHARGE IS SET AT ONE PERCENT (1%) OF THE VALUE OF THE LOAN.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, OR IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE RECIPIENT ORGANIZATION, THE ELIGIBLE PROJECT COSTS INCURRED PRIOR TO THE DATE OF COMPLETION OF THE WORK ON THE APPROVED PROJECT OR THE DATE OF SUCH TERMINATION, WHICHEVER IS EARLIER, SHALL BE PAID BY THE RECIPIENT ORGANIZATION OR ITS CONSTITUENTS. ANY MONEYS PAID BY EITHER PARTY PURSUANT TO THE AGREEMENT SHALL BE REPAID IN NOT MORE THAN THREE (3) YEARS AFTER TERMINATION.

THIS LOAN AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL LOAN REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. _____ CONSUMMATED BETWEEN THE ENVIRONMENTAL PROTECTION AGENCY AND _____ OFFERED ON _____ AND ACCEPTED ON _____.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry

TITLE: Director

SIGNATURE: _____

DATE: _____

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS _____ DAY OF _____, 19___.

NOTARY: _____

MY COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: _____

TITLE: _____

SIGNATURE: _____

DATE: _____

STATE OF WEST VIRGINIA, COUNTY OF _____.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS _____ DAY OF _____, 19___.

NOTARY: _____

MY COMMISSION EXPIRES: _____

NOTE: THE LOAN AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE LOAN OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE AUTHORITY.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO: WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WEST VIRGINIA 25064.

Send Payment to:

STATE OF WEST VIRGINIA
WATER DEVELOPMENT AUTHORITY
180 ASSOCIATION DRIVE
CHARLESTON WV 25311-1571
Phone: 558-3612 Fax: 558-0299

DATE: July 11, 2007

BILL TO: Boone County Public Service District
(Formerly Spruce Fork Public Service District)
P.O. Box 287
Danville, WV 25053

INVOICE FOR:

PROJECT NUMBER: C-540488-01

DATE OF LOAN(S)	STEP I LOAN(S)	STEP II LOAN(S)	1% SERVICE CHARGE
06/03/77	$ 6,250.00	$	$ 62.50

AMOUNT DUE:	LOAN(S)	$	6,250.00
	SERVICE CHARGE		62.50
	TOTAL	$	6,312.50

*As provided in Water Development Authority Regulations and Loan Agreement(s) (Section 8) between the Water Development Authority and Spruce Fork PSD, the loan(s) and service charge shall be payable upon completion of financing arrangements for the Step III project which consummates the Step I and Step II projects developed.

**As provided in Water Development Authority Regulations and Loan Agreement(s) (Section 8) between the Water Development Authority and _____, the loan(s) and service charge shall be payable upon completion of financing arrangements for the Step III Project which consummates the Step I and Step II projects, or any portion thereof, developed therefor or three years after award of the Step I Loan or two years after award of the Step II Loan, whichever occurs first.

NO C-540488-01

RECEIVED
JUN 15 19
WATER DEVELOPMENT AUTHORI

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

LOAN AGREEMENT

1. LOAN RECIPIENT (NAME AND ADDRESS): COUNTY: Boone

   Spruce Fork PSD
   Jeffrey
   WV 25114

2. LOAN RECIPIENT REPRESENTATIVE (NAME, TITLE, ADDRESS AND TELEPHONE):

   Mr. Oather Tom Datson
   Chairman, Spruce Fork PSD
   Jeffrey, WV 25114

3. LOAN PAYEE (NAME, TITLE AND ADDRESS):

   Spruce Fork PSD
   Jeffrey
   WV 25114

4. APPROVED AMOUNT OF LOAN: $ 6,250

5. PAYMENTS: PAYMENTS WILL BE INITIATED BY THE WATER DEVELOPMENT AUTHORITY UPON RECEIPT (VIA DIVISION OF WATER RESOURCES, DEPARTMENT OF NATURAL RESOURCES) OF A COPY OF THE US EPA APPROVAL OF GRANT PAYMENT, WQO-4020-6, IN AMOUNTS PROPORTIONATELY SIMILAR TO PAYMENTS MADE BY THE US EPA.

   ALL LOANS ARE SUBJECT TO STATE APPROPRIATION AND AVAILABILITY OF FUNDS.

   Contract extends until June 30, 1977, and may be subject to renewal.

6. TYPE OF ACTIVITY FOR WHICH LOAN FUNDS ARE TO BE USED:

   The Step I project consists of the preparation of a facility planning study for a sewage collection and treatment system to serve the State delineated 201 planning area which includes Spruce Fork PSD.

7. TOTAL COSTS $ 25,000

ELIGIBLE COSTS $ 25,000

FEDERAL (US EPA) GRANT AMOUNT $ 18,750
(% OF ELIGIBLE COSTS 75)

STATE (WDA) LOAN AMOUNT $ 6,250
(% OF ELIGIBLE COSTS 25)

8. LOAN OFFER AND ACCEPTANCE:

THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY HEREBY OFFERS A LOAN TO Spruce Fork Public Service District FOR 25 PERCENT OF ALL APPROVED ELIGIBLE COSTS, SUCH LOAN NOT TO EXCEED $ 6,250 FOR SUPPORT OF COSTS DESCRIBED IN ITS APPLICATION AND LOAN AGREEMENT.

RECIPIENT ORGANIZATION AGREES THAT THE LOAN AND SERVICE CHARGE SHALL BE PAYABLE UPON COMPLETION OF FINANCING ARRANGEMENTS FOR THE STEP III PROJECT WHICH CONSUMMATES THE STEP I AND STEP II PROJECTS DEVELOPED. IN THE EVENT THE STEP I PROJECT SCOPE CONSISTS OF MORE THAN ONE GOVERNMENTAL AGENCY, EACH GOVERNMENTAL AGENCY SHALL BE REQUIRED TO PAY ITS RESPECTIVE SHARE OF THE TOTAL PARTICIPATION CHARGE.

LOAN AND SERVICE CHARGE. THE LOAN PROVIDED TO THE RECIPIENT ORGANIZATION IS A NO-INTEREST LOAN REPRESENTING 25 PERCENT OF A TOTAL ELIGIBLE PROJECT COST. THE SERVICE CHARGE IS SET AT ONE PERCENT (1%) OF THE VALUE OF THE LOAN.

TERMINATION. THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY RESERVES THE RIGHT TO TERMINATE THIS AGREEMENT UPON GIVING THE RECIPIENT ORGANIZATION NOT LESS THAN SIXTY (60) DAYS PRIOR WRITTEN NOTICE. THE RECIPIENT ORGANIZATION MAY TERMINATE THIS AGREEMENT BY GIVING THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY SIXTY (60) DAYS PRIOR WRITTEN NOTICE. IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, OR IN THE EVENT THIS AGREEMENT IS TERMINATED BY THE RECIPIENT ORGANIZATION, THE ELIGIBLE PROJECT COSTS INCURRED PRIOR TO THE DATE OF COMPLETION OF THE WORK ON THE APPROVED PROJECT OR THE DATE OF SUCH TERMINATION, WHICHEVER IS EARLIER, SHALL BE PAID BY THE RECIPIENT ORGANIZATION OR ITS CONSTITUENTS. ANY MONEYS PAID BY EITHER PARTY PURSUANT TO THE AGREEMENT WHICH BECOMES THE OBLIGATION OF THE OTHER PARTY UNDER THE PROVISIONS OF THIS AGREEMENT SHALL BE REPAID IN NOT MORE THAN THREE (3) YEARS AFTER TERMINATION.

THIS LOAN AGREEMENT IS SUBJECT TO ALL STATUTORY PROVISIONS, ALL LOAN REGULATIONS OF THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY AND ALL PROVISIONS OF THIS AGREEMENT AND FURTHER IS SUBJECT TO THE CONDITIONS SET FORTH IN GRANT AGREEMENT NO. C-540488-01 CONSUMMATED BETWEEN THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY AND Spruce Fork PSD OFFERED ON April 29, 1977, AND ACCEPTED ON May 19, 1977.

THE RECIPIENT ORGANIZATION AGREES THAT FUNDS AWARDED UNDER THIS AGREEMENT WILL BE USED SOLELY FOR THE PURPOSES OF THE PROJECT AS APPROVED.

9. NAME AND TITLE OF AWARD OFFICIAL: Edgar N. Henry

TITLE: Director

SIGNATURE: Edgar N. Henry

DATE: June 3, 1977

STATE OF WEST VIRGINIA, COUNTY OF KANAWHA.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 3rd DAY OF June, 1977.

NOTARY: Barbara A. Butcher

MY COMMISSION EXPIRES: January 3, 1984

10. NAME AND TITLE OF RECIPIENT ORGANIZATION REPRESENTATIVE: Mr. Oather Tom Datson

TITLE: Chairman

SIGNATURE: Oather Tom Datson

DATE: 6-14-77

STATE OF WEST VIRGINIA, COUNTY OF Boone.

TAKEN, SUBSCRIBED AND SWORN TO BEFORE ME THIS 14 DAY OF June 1977.

NOTARY: x Opie E. Stallings

MY COMMISSION EXPIRES: July 7 1979

NOTE: THE LOAN AGREEMENT MUST BE COMPLETED IN DUPLICATE AND RETURNED WITHIN 30 DAYS AFTER RECEIPT OR AS PROVIDED IN ANY TIME EXTENSION ARRANGED WITH THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY. RECEIPT OF WRITTEN REFUSAL OR FAILURE TO RETURN WITHIN THE 30-DAY PERIOD WILL RESULT IN TERMINATION OF THE LOAN OFFER. NO AMENDMENTS MAY BE MADE TO THE AGREEMENT SUBSEQUENT TO SIGNING BY THE WDA SIGNEE.

ALL CORRESPONDENCE CONCERNING THIS OFFER AND AGREEMENT SHOULD BE ADDRESSED TO: WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, 1201 DUNBAR AVENUE, DUNBAR, WEST VIRGINIA 25064.

RECEIVED
MAY 23 1977
WATER DEVELOPMENT AUTHORITY

RESOLUTION

I, Gene Gilliam, the duly appointed, elected and qualified Secretary of Spruce Fork Public Service District, a public corporation and political subdivision of the State of West Virginia. created by the County Commission of Boone County, West Virginia, do hereby certify that at a special meeting of the members of the District Board, duly and regularly held pursuant to law on the 19TH day of May, 1977, upon motions made, seconded and unanimously approved, the following Resolution was adopted:

RESOLVED, That the acceptance of a Grant by the Spruce Fork Public Service District, Boone County, West Virginia, from the U.S. Environmental Protection Agency for preparation of a Step I Facilities Plan for a public sewer system, be authorized in the signing of the EPA Grant Award Agreement by Oather Tom Datson, Chairman of the District, and that the EPA Grant Award Agreement be returned to the U.S. Environmental Protection Agency to certify acceptance of the Grant Offer.

GIVEN under my hand this 19TH day of May, 1977.

Gene Gilliam

Gene Gilliam, Secretary

SPRUCE FORK PUBLIC SERVICE DISTRICT
BOONE COUNTY, WEST VIRGINIA

A public corporation and political subdivision of the State of West Virginia.

U.S. ENVIRONMENTAL PROTECTION AGENCY

GRANT AGREEMENT/~~AMENDMENT~~

RECEIVED MAY 25 1977 WATER DEVELOPMENT AUTHORITY

GRANT IDENTIFICATION NO.: C 5 4 0 4 8 8 0 7 1 0

CHECK APPLICABLE ITEM(S)

[X] GRANT AGREEMENT

[ ] GRANT AMENDMENT

[ ] SUBSEQUENT RELATED PROJECT (WWT)

DATE OF AWARD (Obligation date): APR 26 1977

TYPE OF ACTION: New

PART I—GENERAL INFORMATION

1. GRANT PROGRAM: Municipal Wastewater Treatment Works

2. STATUTE REFERENCE: 33 USC 1281 et. seq.

3. REGULATION REFERENCE: 40 CFR Parts 30 & 35

4. GRANTEE ORGANIZATION

a. NAME: Spruce Fork Public Service District

b. EMPLOYER I.D. NO. (EIN):

c. ADDRESS: Jeffrey, West Virginia 25114

5. PROJECT MANAGER (Grantee Contact)

a. NAME: Oahter Tom Datson

b. TITLE: Chairman

c. TELEPHONE NO. (Include Area Code): 304/369-0356

d. ADDRESS: Spruce Fork Public Service District
Jeffrey, West Virginia 25114

6. PROJECT OFFICER (EPA Contact)

a. NAME: R. Fenton Roudabush

b. TITLE: Chief, West Virginia Section

c. TELEPHONE NO. (Include Area Code): 215/597-9890

d. ADDRESS: Environmental Protection Agency
Water Division (3WA53)
Curtis Building
6th & Walnut Streets
Philadelphia, Pennsylvania 19106

7. PROJECT TITLE AND DESCRIPTION

The Step 1 project consists of the preparation of a facility planning study in accordance with 40 CFR 35.917 et. seq. for a sewage collection and treatment system to serve the State delineated 201 planning area which includes Spruce Fork Public Service District. The eligible project includes allowable associated costs as defined in 40 CFR 35.940-1 up to the amounts shown in Part II of the Grant Agreement.

PROJECT STEP (WWT): I

8. DURATION

PROJECT PERIOD (Dates): August, 1977 - December, 1977

BUDGET PERIOD (Dates): N/A

9. DOLLAR AMOUNTS

TOTAL PROJECT COSTS	$25,000	EPA GRANT AMOUNT ~~XXXXXXXXXXXXXXXXXX~~	$18,750
TOTAL ELIGIBLE COSTS (WWT)	$25,000	UNEXPENDED PRIOR YR. BAL. (EPA Funds)	N/A
TOTAL BUDGET PERIOD COSTS	N/A	THIS ACTION (This obligation amount)	$18,750

10. ACCOUNTING DATA

APPROPRIATION	DOC CONTROL NO.	ACCOUNT NO.	OBJ CLASS	AMOUNT CHARGED
68X0103.7	W6C050	T364036006	41. 11 41. 41.	$18,750

11. PAYMENT METHOD

[ ] ADVANCES (____% of award) [X] REIMBURSEMENT

[ ] OTHER

SEND PAYMENT REQUEST TO: Grants Administration Branch

12. PAYEE (Name and mailing address. Include ZIP Code)

Spruce Fork Public Service District
Jeffrey, West Virginia 25114

EPA Form 5700-20A (Rev. 8-76) REPLACES EPA FORM 5700-20(REV. 4-75) WHICH IS OBSOLETE AND EPA FORM 5700-21.

GRANT IDENTIFICATION NO. C-540488-01

PART II–APPROVED BUDGET

TABLE A - OBJECT CLASS CATEGORY (Non-construction)	TOTAL APPROVED ALLOWABLE BUDGET PERIOD COST
1. PERSONNEL	
2. FRINGE BENEFITS	N/A
3. TRAVEL	
4. EQUIPMENT	
5. SUPPLIES	
6. CONTRACTUAL	
7. CONSTRUCTION	
8. OTHER	
9. TOTAL DIRECT CHARGES	
10. INDIRECT COSTS: RATE % BASE	
11. **TOTAL** (Share: Grantee _____ % Federal _____ %)	
12. **TOTAL APPROVED GRANT AMOUNT**	$

TABLE B - PROGRAM ELEMENT CLASSIFICATION (Non-construction)	
1.	
2.	N/A
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10. **TOTAL** (Share: Grantee _____ % Federal _____ %)	
11. **TOTAL APPROVED GRANT AMOUNT**	$

TABLE C - PROGRAM ELEMENT CLASSIFICATION (Construction)	
1. ADMINISTRATION EXPENSE	
2. PRELIMINARY EXPENSE	
3. LAND STRUCTURES, RIGHT-OF-WAY	
4. ARCHITECTURAL ENGINEERING BASIC FEES	
5. OTHER ARCHITECTURAL ENGINEERING FEES	25,000
6. PROJECT INSPECTION FEES	
7. LAND DEVELOPMENT	
8. RELOCATION EXPENSES	
9. RELOCATION PAYMENTS TO INDIVIDUALS AND BUSINESSES	
10. DEMOLITION AND REMOVAL	
11. CONSTRUCTION AND PROJECT IMPROVEMENT	
12. EQUIPMENT	
13. MISCELLANEOUS	
14. TOTAL (*Lines 1 thru 13*)	
15. ESTIMATED INCOME (*If applicable*)	
16. NET PROJECT AMOUNT (*Line 14 minus 15*)	
17. LESS: INELIGIBLE EXCLUSIONS	
18. ADD: CONTINGENCIES	
19. **TOTAL** (Share: Grantee 25 % Federal 75 %)	25,000
20. **TOTAL APPROVED GRANT AMOUNT**	$ 18,750

EPA Form 5700–20A (Rev. 8–76)

PART III - GRANT CONDITIONS

a. **General Conditions:**

The grantee covenants and agrees that it will expeditiously initiate and timely complete the project work for which assistance has been awarded under this grant, in accordance with all applicable provisions of 40 CFR Chapter I, Subpart B. The grantee warrants, represents, and agrees that it, and its contractors, subcontractors, employees and representatives, will comply with: (1) all applicable provisions of 40 CFR Chapter I, Subchapter B, INCLUDING BUT NOT LIMITED TO the provisions of Appendix A to 40 CFR Part 30, and (2) any special conditions set forth in this grant agreement or any grant amendment pursuant to 40 CFR 30.425.

b. **Special Conditions:**

1. Summary of Costs of Planned Treatment Works

The grantee shall complete the enclosed Form EPA-111-043-75-T, and incorporate said form as part of the completed facilities plan described in this project.

2. Planning Relationship

The grantee is hereby made aware of the interfacing relationship of your Step I project with the grant awarded to the B-C-K-P Regional Intergovernmental Council under the provisions of Section 208 of the FWPCA, for the development of an areawide waste treatment management plan. The planning area for the latter encompasses the plan of study area of your Step I project. Pursuant to 40 CFR 917-7, prior to final approval of your facilities plan, the 208 grantee agency must be afforded the opportunity to comment. In view of this and the essentially parallel objectives of the two efforts, your municipality shares with the 208 grantee the responsibility to maximize compatability and minimize duplication in accomplishing the respective tasks.

3. Schedule of Grant Payments

The grantee may submit requests for payments for allowable costs incurred in accordance with the following schedule:

Task Completion	Payment No.	Date	Payment	Cumulative Amount (not to be exceeded)
Describe Planning Area. Develope and evaluate alternatives.	1	8/77	$9,000	$ 9,000
Complete Plan and submit to all agencies.	2	12/77	9,750	18,750

ALL GRANT PAYMENTS ARE SUBJECT TO CONGRESSIONAL APPROPRIATIONS AND AVAILABILITY OF FUNDS.

b. Special Conditions (Continued):

4. Project Completion Date

In accordance with 40 CFR 35.930-3, the grantee shall complete the work described in Part I, Item 7, and submit it to the West Virginia Department of Natural Resources for review and approval within 7 months of the date of execution of this grant agreement. The grantee shall promptly notify the EPA Project Officer of the submission of the completed facility planning study to the State. Final payment, amounting to 10% of the total grant award, will be withheld pending approval of the facility planning study.

GRANT IDENTIFICATION NO. C-540488-01

b. SPECIAL CONDITIONS (Continued)

PART IV

NOTE: The Grant Agreement must be completed in duplicate and the Original returned to the Grants Administration Division for Headquarters grant awards and to the appropriate Grants Administration Office for state and local awards within 3 calendar weeks after receipt or within any extension of time as may be granted by EPA.

Receipt of a written refusal or failure to return the properly executed document within the prescribed time, may result in the automatic withdrawal of the grant offer by the Agency. Any change to the Grant Agreement by the grantee subsequent to the document being signed by the EPA Grant Award Official which the Grant Award Official determines to materially alter the Grant Agreement shall void the Grant Agreement.

OFFER AND ACCEPTANCE

The United States of America, acting by and through the U.S. Environmental Protection Agency (EPA), hereby offers a grant/amendment to the Spruce Fork Public Service District (GRANTEE ORGANIZATION) for 75 % of all approved costs incurred up to and not exceeding $ 18,750 (GRANT AMOUNT) for the support of approved budget period effort described in application *(including all application modifications)* C-540488-01 Spruce Fork Public Service District 3/28/77 (TITLE AND DATE) included herein by reference

ISSUING OFFICE *(Grants Administration Office)*	AWARD APPROVAL OFFICE
ORGANIZATION ADDRESS Environmental Protection Agency Grants Administration Branch (3WA40) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106	ORGANIZATION ADDRESS Environmental Protection Agency Water Division (3WA00) Curtis Building, 6th & Walnut Streets Philadelphia, Pennsylvania 19106

THE UNITED STATES OF AMERICA BY THE U.S. ENVIRONMENTAL PROTECTION AGENCY

SIGNATURE OF AWARD OFFICIAL	TYPED NAME AND TITLE	DATE
Greene A. Jones	Greene A. Jones, Director, Water Division	APR 2 9 1977

This Grant Agreement is subject to applicable U.S. Environmental Protection Agency statutory provisions and grant regulations. In accepting this award or amendment and any payments made pursuant thereto, (1) the undersigned represents that he is duly authorized to act on behalf of the grantee organization, and (2) the grantee agrees (a) that the grant is subject to the applicable provisions of 40 CFR Chapter I, Subchapter B and of the provisions of this agreement (Parts I thru IV), and (b) that acceptance of any payments constitutes an agreement by the payee that the amounts, if any, found by EPA to have been overpaid will be refunded or credited in full to EPA.

BY AND ON BEHALF OF THE DESIGNATED GRANTEE ORGANIZATION

SIGNATURE	TYPED NAME AND TITLE	DATE
Oather Tom Datson	Oather Tom Datson, Chairman	5-19-77

EPA Form 5700-20A (Rev. 8-76)

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **April 16, 2008**

Re: **Boone County Public Service District, Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)**

1. **DISBURSEMENTS TO BOONE COUNTY PUBLIC SERVICE DISTRICT**

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2008 A Bonds Proceeds
Amount:	$20,500
Form:	Wire
Payee:	Boone County Public Service District
ABA #:	051504571
Account #:	100008408
Bank:	Boone County Bank
Contact:	Linda Chambers 304.369.2407

2. **DISBURSEMENTS TO MUNICIPAL BOND COMMISSION**

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2008 A Bonds Proceeds
Amount:	$31,172
Form:	Wire Transfer
Payee:	Boone County Public Service District
Bank:	BB&T for benefit of Municipal Bond Commission
Routing #:	051503394
Account:	5270517317
Contact:	Sara Boardman, 558.3971
Account:	Series 2008 A Bonds Reserve Account

3. **DISBURSEMENTS TO WATER DEVELOPMENT AUTHORITY**

Payor:	West Virginia Infrastructure and Jobs Development Council
Source:	Series 2008 A Bonds Proceeds
Amount:	$32,825
Form:	Wire Transfer
Payee:	Boone County Public Service District
Bank:	WV Water Development Authority BB&T - Wilson
Routing #:	053101121
DDA	168-9180244
Trust Account:	1222000125
Contact:	Bobbie Coon 304.348.1464
Purpose:	Payoff of Step Loans

RESOLUTION OF THE BOONE COUNTY PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO SERVICES FOR THE PROPOSED SEWER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Boone County Public service District, has reviewed the invoices attached hereto and incorporated herein by reference relation to the Project funded in part by the Infrastructure & Jobs Development Council (IJDC), Small Cities Block Grant (SCBG), Appalachian Regional Commission (ARC), U.S. Corps of Engineers and The County Commission of Boone County (BCC) and find as follows:

a) That none of the items for which 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 paid 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.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED Boone County Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	IJDC	SCBG	ARC	COE	BCC
Steptoe & Johnson	20,000.00	20,000.00				
Huntington Bank	500.00	500.00				
Municipal Bond Commission (reserves)	31,172.00	31,172.00				
Step I Loan (Van)	6,312.50	6,312.50				
Step I Loan (Coal River)	20,200.00	20,200.00				
Step Loan (Spruce Fork)	6,312.50	6,312.50				
TOTAL	84,497.00	84,497.00				

ADOPTED BY the Boone County Public Service District, at the meeting held on the 14th day of April, 2008

Boone County Public Service District

By: _____

Its: Chairman

091620.0001

CH4861952.1