CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. ARRA Assistance Agreement
4. Public Service Commission Orders
5. Infrastructure and Jobs Development Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Series 2009 B 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 and Enlarging the Boundaries of the District and Public Service Commission Order relating thereto

17. County Commission Orders Appointing Current Boardmembers

18. Oaths of Office of Current Boardmembers

19. Rules of Procedure

20. Affidavit of Publication of Filing

21. Minutes of Current Year Organizational Meeting

22. Excerpt of Minutes on Adoption of Bond Resolution and Supplemental Resolution

23. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

24. Acceptance of Appointment as Depository Bank

25. Acceptance of Duties as Registrar

26. Certificate of Registration of Bonds

27. Registrar's Agreement

28. NPDES Permit

29. Evidence of Insurance

30. Evidence of County Commission grant

31. DEP Approval of Plans and Specifications

32. Prior Bond Resolutions

33. Consent of Water Development Authority

34. Closing Memorandum

35. Sweep Resolution

36. ARRA Certification

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CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

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

Section 2.01	Authorization of Acquisition and Construction of the Project

ARTICLE III
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE 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 Positions with Respect to Bonds
Section 3.09	Delivery of Bonds
Section 3.10	Form of Bonds
	FORM OF SERIES 2009 B BOND

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

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 Positions with Respect to 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 ARRA Assistance Agreement and Law
Section 7.21	Securities Laws Compliance
Section 7.22	Contracts; Change Orders; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

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	Conflicting Provisions Repealed
Section 11.06	Covenant of Due Procedure, Etc.
Section 11.07	Effective Date
	SIGNATURES
	CERTIFICATION
	EXHIBIT A

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $1,791,405 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); 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 ARRA ASSISTANCE 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 PUBLIC SERVICE BOARD OF CENTRAL HAMPSHIRE 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 22C, Article 2 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. Central Hampshire Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Hampshire 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 improvements and extensions to the existing public sewerage system of the Issuer, consisting of construction of certain improvements to the sewer system and to install equipment to deliver flows to Romney for treatment, and necessary appurtenances relating thereto, 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 existing public sewer facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance 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 Water Pollution Control Revolving Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in the aggregate principal amount of $1,791,405 (the "Series 2009 B Bonds"), to permanently finance the costs of acquisition and construction of the Project. 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 2009 B Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (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, including the SRF Administrative Fee (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 2009 B Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2009 B 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 completion of the Project is not less than 10 years.

F. It is in the best interests of the Issuer that its Series 2009 B Bonds be sold to the Authority pursuant to the terms and provisions of an ARRA Assistance

Agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the respective parties (the "ARRA Assistance Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's (i) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated April 27, 1999, issued in the original aggregate principal amount of $2,836,000 (the "Series 1999 A Bonds"); (ii) Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,725,000 (the "Series 2005 A Bonds"); (iii) Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,599,500 (the "Series 2005 B Bonds"); and (iv) Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $220,203 (the "Series 2005 C Bonds"), (collectively, the "Prior Bonds").

The Series 2009 B 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 2009 B 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 2009 B 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 and the principal of and interest, if any, on the Series 2009 B 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 ARRA Assistance Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2009 B 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 2009 B 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 Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2009 B 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 2009 B 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 22C, Article 2 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"ARRA Assistance Agreement" means the ARRA Assistance Agreement heretofore entered into, or to be entered into, by and among the Issuer, the Authority and the DEP, providing for the purchase of the Series 2009 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2009 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP 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 2009 B 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 2009 B Bonds for all or a portion of the proceeds of the Series 2009 B 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 Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

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

"DEP" means the West Virginia Department of Environmental Protection or any other agency, board or department of the State that succeeds to the functions of the DEP.

"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.

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

"Net Proceeds" means the face amount of the Series 2009 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. 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 2009 B Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs,

payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2009 B Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Series 1999 A Bonds, the Series 2005 A Bonds, Series 2005 B Bonds and the Series 2005 C Bonds.

"Prior Resolutions" means, collectively, the Resolutions authorizing 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 continued by Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2009 B Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2009 B Bonds and the Prior Bonds.

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

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

"Series 1999 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated April 27, 1999, issued in the original aggregate principal amount of $2,836,000.

"Series 2005 A Bonds" means the Issuer's Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,725,000.

"Series 2005 B Bonds" means the Issuer's Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,599,500.

"Series 2005 C Bonds" means the Issuer's Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $220,203.

"Series 2009 B Bonds" means the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, authorized by this Resolution.

"Series 2009 B Bonds Construction Trust Fund" means the Series 2009 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2009 B Bonds Reserve Account" means the Series 2009 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2009 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2009 B Bonds in the then current or any succeeding year.

"Series 2009 B Bonds Sinking Fund" means the Series 2009 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2009 B Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee , if any, required to be paid under the ARRA Assistance Agreement for the Series 2009 B Bonds.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds of the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"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 the Series 2009 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2009 B 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 Series 2009 B Bonds, the Prior 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 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.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

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 $2,291,405, 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 Series 2009 B 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 DEP.

The cost of the Project is estimated to be $2,291,405, of which approximately $1,791,405 will be obtained from proceeds of the Series 2009 B Bonds and $500,000 will be obtained from a Hampshire County Commission Grant.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF ARRA ASSISTANCE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest, if any, on the Series 2009 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2009 B 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 2009 B Bonds of the Issuer. The Series 2009 B Bonds shall be issued in one or more series, each as a single bond, designated as "Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA)" in the principal amount of $1,791,405, and all shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2009 B Bonds shall be deposited in or credited to the Series 2009 B Bonds Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2009 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the ARRA Assistance Agreement. The Series 2009 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal

tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2009 B 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 2009 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 2009 B Bonds. The Series 2009 B 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 denominations as determined by a Supplemental Resolution. Such Bonds shall bear interest, if any, and shall be dated as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2009 B 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 2009 B Bonds shall cease to be such officer of the Issuer before the Series 2009 B 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 2009 B 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. The Bond Registrar for the Series 2009 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2009 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such 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 2009 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2009 B 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 2009 B 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 2009 B 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 2009 B 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 Series 2009 B Bonds or transferring the registered Series 2009 B Bonds are exercised, all Series 2009 B Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2009 B Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2009 B 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 Series 2009 B Bonds or, in the case of any proposed redemption of Series 2009 B Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2009 B 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 2009 B 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 2009 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2009 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2009 B Bonds (to the extent required) 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. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2009 B 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 2009 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2009 B 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 2009 B 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 2009 B Bonds to the original purchasers;

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

D. An executed copy of the ARRA Assistance Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2009 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2009 B 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 2009 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: The ____ day of _____, 2009, that CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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 not be subject to the SRF Administrative Fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are forgivable quarterly as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further 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 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the

"Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2009, and a Supplemental Resolution duly adopted by the Issuer on _____, 2009 (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: (I) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,836,000 (THE "SERIES 1999 A BONDS"); (II) SEWER REFUNDING BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,725,000 (THE "SERIES 2005 A BONDS"); (III) SEWER REFUNDING BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,599,500 (THE "SERIES 2005 B BONDS"); AND (IV) SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $220,203 (THE "SERIES 2005 C BONDS"), (COLLECTIVELY, 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 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, except from said special fund provided from the Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

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

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

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, CENTRAL HAMPSHIRE 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

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

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 ARRA Assistance Agreement. The Series 2009 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective ARRA Assistance Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the ARRA Assistance 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 ARRA Assistance Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The ARRA Assistance Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the DEP a schedule, the forms of which will be provided by the DEP, 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 (or continued) 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 Resolutions);

(2) Renewal and Replacement Fund (established by the Prior Resolutions); and

(3) Series 2009 B Bonds Construction Trust Fund.

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

(1) Series 1999 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(2) Series 1999 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(3) Series 2005 A Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(4) Series 2005 A Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(5) Series 2005 B Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(6) Series 2005 B Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(7) Series 2005 C Bonds Sinking Fund (established by the Prior Resolutions and continued hereby);

(8) Series 2005 C Bonds Reserve Account (established by the Prior Resolutions and continued hereby);

(9) Series 2009 B Bonds Sinking Fund; and

(10) Series 2009 B Bonds Reserve Account.

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

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

(2) 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 4 months prior to the first date of payment of principal of the Series 2009 B Bonds, for deposit in the

Series 2009 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2009 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2009 B 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.

(3) 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 4 months prior to the first date of payment of principal of the Series 2009 B Bonds, if not fully funded upon issuance of the Series 2009 B Bonds, for deposit in the Series 2009 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2009 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2009 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2009 B Bonds Reserve Requirement.

(4) 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.

(5) 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 2009 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2009 B Bonds, respectively, as the same shall become due. Monies in the Series 2009 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2009 B Bonds, respectively, as the same shall come due, when other monies in the Series 2009 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2009 B Bonds Sinking Fund and the Series 2009 B 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 2009 B 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, if any, due on the Series 2009 B Bonds, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2009 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements 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 2009 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 2009 B Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2009 B Bonds Sinking Fund and the Series 2009 B 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 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2009 B Bonds Sinking Fund and the Series 2009 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2009 B Bonds, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest, if any, and reserve account payments with respect to the Series 2009 B 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. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the ARRA Assistance Agreement for the Series 2009 B Bonds.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the ARRA Assistance 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.

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the respective parties 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 make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the maximum amounts insured by FDIC in 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. The Gross Revenues of the System shall only be used for purposes 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 2009 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2009 B Bonds, there shall first be deposited with the Commission in the Series 2009 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2009 B Bonds for the period commencing on the date of issuance of the Series 2009 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2009 B Bonds, there shall be deposited with the Commission in the Series 2009 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2009 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2009 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2009 B 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 2009 B Bonds.

D. 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 2009 B Bonds shall be applied as directed by the DEP.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2009 B Bonds will be expended and the disbursement procedures for such proceeds, including 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 2009 B Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP, of a completed and signed "Payment Requisition Form," a form of which is attached to the ARRA Assistance Agreement for the Series 2009 B Bonds, in compliance with the construction schedule.

Pending such application, monies in the Series 2009 B Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the 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 2009 B 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 2009 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The payment of the debt service of the Series 2009 B Bonds shall be secured forthwith equally and ratably with each other 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 2009 B 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 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payment of the debt service of the Series 2009 B Bonds shall be secured forthwith equally and ratably with each other 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 2009 B 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 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 shall provide an opinion of counsel to the Issuer of such effect. Such rates and charges shall be sufficient to comply with the requirements of the ARRA Assistance Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered April 17, 2009, in Case No. 08-2077-PSD-CN, and such rates are hereby adopted.

So long as the Series 2009 B 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 ARRA Assistance Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2009 B Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the ARRA Assistance Agreement.

Section 7.05. Sale of the System. So long as the Series 2009 B Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP 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 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 2009 B Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP 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 2009 B Bonds. Any balance remaining after the payment of the Series 2009 B 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 $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, 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 in accordance with the laws of the State. 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 amount 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 2009 B Bonds and the Prior Bonds. All obligations issued by the Issuer after the issuance of the Series 2009 B 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 2009 B 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 2009 B 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 2009 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the DEP and the Authority 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 Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2009 B Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the DEP and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2009 B Bonds.

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

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

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be

derived from the improvements to be financed by such Parity Bonds and any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the time for appeal of which shall have expired prior to the issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

All covenants and other provisions of this Bond Legislation (except as to details of such Parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any Parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds, regardless of the time or times of their issuance, shall rank equally with respect to their lien on the revenues of the System and their source of and security for payment from said revenues, without preference of any Bond over any other. The Issuer shall comply fully with all the increased payments into the various funds and accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2009 B 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 2009 B Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the DEP, the Authority, 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 DEP and the Authority such documents and

information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the DEP and the Authority, 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 DEP, the Authority, or any other original purchaser of the Series 2009 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2009 B 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 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 2009 B Bonds, and shall submit said report to the

DEP and the Authority, or any other original purchaser of the Series 2009 B Bonds. Such audit report submitted to the DEP and the Authority shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the ARRA Assistance Agreement 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 ARRA Assistance 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 DEP 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 of the Project, the Issuer shall also provide the DEP and the Authority, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the DEP and the Authority with respect to the System pursuant to the Act.

The Issuer shall provide the DEP 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 ARRA Assistance Agreement for the Series 2009 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2009 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2009 B 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 2009 B Bonds Reserve Account and the reserve accounts for obligations on a parity

with or junior to the Series 2009 B 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 2009 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2009 B 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 DEP and 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 a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the DEP and the Authority 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 DEP and the Authority 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 respective ARRA Assistance Agreement, and forward a copy of such report to the DEP and the Authority 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 ARRA Assistance 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 DEP and the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP 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 DEP 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 DEP, 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 require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the ARRA Assistance Agreements for the Series 2009 B Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the 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. Except as required by law, 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 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 ARRA Assistance 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 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 DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the ARRA Assistance Agreement so require, 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 Division 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 Division 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 and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2009 B 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 2009 B Bonds and shall be on a parity with the Prior Bonds.

Section 7.20. Compliance with ARRA Assistance Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the ARRA Assistance Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the DEP 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 DEP, the Authority or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

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; Change Orders, Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2009 B 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 DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2009 B Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2009 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the DEP 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; USE OF PROCEEDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, 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 Series 2009 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2009 B 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 2009 B Bonds as a condition to issuance of the Series 2009 B Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2009 B Bonds as may be necessary in order to maintain the status of the Series 2009 B Bonds as public purpose 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 2009 B Bonds which would cause any bonds, the interest on

which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the DEP, as the case may be, from which the proceeds of the Series 2009 B Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the DEP, 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 2009 B Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2009 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2009 B 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 2009 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2009 B 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;

(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 the Prior Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2009 B 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 thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2009 B 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 2009 B 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 2009 B 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 2009 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2009 B 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 2009 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2009 B 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 2009 B 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 2009 B 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 2009 B Bonds.

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, 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 11.06. 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. Effective Date. This Resolution shall take effect immediately upon adoption.

[Remainder of Page Intentionally Blank]

Adopted this 7th day of October, 2009.

Richard Wood
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the 7th day of October, 2009.

Dated: October 23, 2009.

[SEAL]

Janet M Haines
Secretary

09.04.09
135450.00009

EXHIBIT A

ARRA Assistance Agreement included in bond transcript as Document 3.

Central Hampshire Public Service District
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE ARRA ASSISTANCE 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 Central Hampshire Public Service District (the "Issuer") has duly and officially adopted a bond resolution on October 7, 2009 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $1,791,405 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); 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 ARRA ASSISTANCE AGREEMENT RELATING TO SUCH BONDS;

2

AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer (the "Bonds"), in the aggregate principal amount not to exceed $1,791,405, and has authorized the execution and delivery of the ARRA Assistance Agreement relating to the Series 2009 B Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "ARRA Assistance Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the ARRA Assistance Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the 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 ARRA Assistance Agreement has been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the ARRA Assistance Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the 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 CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer: Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,791,405. The Series 2009 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2020, and shall bear no interest. The principal of the Series 2009 B Bonds shall be forgivable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2010, to and

including September 1, 2020, and in the amounts as set forth in the "Schedule Y" attached to the ARRA Assistance Agreement and incorporated in and made a part of the Series 2009 B Bonds. The Series 2009 B Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the ARRA Assistance Agreement, so long as the Authority shall be the registered owner of the Series 2009 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the ARRA Assistance Agreement, and the execution and delivery of the ARRA Assistance 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 ARRA Assistance Agreement and in the applications to the DEP and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

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

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

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

Section 7. Series 2009 B Bonds proceeds in the amount of $-0-shall be deposited in the Series 2009 B Bonds Reserve Account.

Section 8. Series 2009 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2009 B Bonds Sinking Fund, as capitalized interest.

Section 9. The balance of the proceeds of the Series 2009 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2009 B Bonds and related costs.

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 Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about October 23, 2009, to the Authority pursuant to the ARRA Assistance Agreement.

Section 11. 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 12. 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 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 moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Sinking Funds and the Reserve Accounts shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. The Special Conditions of the ARRA Assistance Agreement are attached as Exhibit A and hereby incorporated herein.

Section 14. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 7th day of October, 2009.

CENTRAL HAMPSHIRE
PUBLIC SERVICE DISTRICT

By: Richard Wood
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Central Hampshire Public Service District on the 7th day of October, 2009.

Dated: October 23, 2009.

[SEAL]

Janet M Haines
Secretary

09.04.09
135450.00009

EXHIBIT A

SPECIAL CONDITIONS – ARRA FUNDED PROJECTS

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

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

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

guidelines are listed in 40 CFR 247.

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

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

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

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

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

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

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever

procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

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

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated "Series [2009] B" and shall contain "(West Virginia SRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

SRF-ARRA/PSD
(04/02/09)

ARRA ASSISTANCE AGREEMENT

THIS WATER POLLUTION CONTROL REVOLVING FUND ARRA ASSISTANCE AGREEMENT (the "ARRA Assistance Agreement"), made and entered into in several counterparts, by and among the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), the WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION (the "DEP"), and the local government designated below (the "Local Government").

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT (2006S-959/544140-02)
(Local Government)

W I T N E S S E T H:

WHEREAS, the United States Congress under Title VI of the federal Clean Water Act, as amended (the "Clean Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining state water pollution control revolving funds for the planning, design, construction, acquisition and/or improvement of wastewater treatment facilities;

WHEREAS, the United States Congress has provided additional capitalization grant funding under the Clean Water Act through the American Recovery and Reinvestment Act of 2009 (the "ARRA");

WHEREAS, pursuant to the provisions of Chapter 22C, Article 2 of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a state water pollution control revolving fund program (the "Program") to direct the distribution of loans to particular local governments pursuant to the Clean Water Act and the ARRA;

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

WHEREAS, the ARRA provides that at least fifty percent (50%) of the funds provided through the capitalization grant be provided as negative interest loans or principal forgiveness (the "ARRA Assistance");

WHEREAS, under the Act and under the direction of DEP, the Authority has established a permanent perpetual fund known as the "West Virginia Water Pollution Control Revolving Fund" (hereinafter the "Fund");

WHEREAS, pursuant to the Act, the Authority and DEP are empowered to make loans from the Fund to local governments for the acquisition or construction of wastewater treatment projects by such local governments, all subject to such provisions and limitations as are contained in the Clean Water Act, the ARRA and the Act;

WHEREAS, the Local Government constitutes a local government as defined by the Act;

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

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

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

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

WHEREAS, having reviewed the Application and the Fund having available sufficient funds therefor, the Authority and DEP are willing to lend the Local Government the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Government with

moneys held in the Fund, subject to the Local Government's satisfaction of certain legal and other requirements of the Program.

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

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local government," and "project" have the definitions and meanings ascribed to them in the Act, the ARRA, or in the SRF Regulations.

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

1.3 "Loan" means the loan to be made by the Authority and DEP to the Local Government through the purchase of Local Bonds, as hereinafter defined, pursuant to this ARRA Assistance Agreement.

1.4 "Local Act" means the official action of the Local Government required by Section 4.1 hereof, authorizing the Local Bonds.

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

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

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

1.8 "Program" means the wastewater treatment facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Clean Water Act and administered by DEP.

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

1.10 "SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

1.11 "System" means the wastewater treatment facility owned by the Local Government, 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 ARRA Assistance Agreement as they are used.

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

2.9 The Local Government shall provide and maintain competent and adequate engineering services satisfactory to the Authority and DEP 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, DEP and the Local Government at the completion of construction that construction is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies. The Local Government shall require the Consulting Engineers to submit Record Drawings, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Local Government shall notify DEP in writing of such receipt. The Local Government shall submit a Performance Certificate, the form of which is attached hereto as Exhibit A, and being incorporated herein by reference, to DEP within 60 days of the end of the first year after the Project is completed.

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

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

2.12 The Local Government, 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 B and incorporated herein by reference, and forward a copy by the 10th of each month to DEP and the Authority.

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

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

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

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

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

(d) The Local Government shall either have received bids or entered into contracts for the construction of the Project, which are in an amount and otherwise compatible with the plan of financing described in the Application; provided that, if the Loan will refund an interim construction financing, the Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit D;

(e) The Local Government 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 DEP shall have received a certificate of the Consulting Engineers to such effect;

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

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

(h) The Local Government 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 DEP shall have received an opinion of counsel to the Local Government, which may be local counsel to the Local Government, bond counsel or special PSC counsel but must be satisfactory to the Authority and DEP, to such effect;

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

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

3.2 Subject to the terms and provisions of this ARRA Assistance Agreement, the rules and regulations promulgated by the Authority and DEP, including the SRF Regulations, or any other appropriate State agency and any applicable rules, regulations and procedures promulgated from time to time by the federal government including rules, regulations and procedures promulgated under the Clean Water Act and/or the ARRA, it is hereby agreed that the Authority shall make the Loan to the Local Government and the Local Government shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Government 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 ARRA Assistance Agreement.

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Local Government 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, DEP and the Local Government. 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 ARRA Assistance Agreement by the Authority or such later date as is agreed to in writing by DEP.

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) unless waived or modified by Schedule X and to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on

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

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

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

Provided, that if the Local Government 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 net or gross revenues of the System as provided in the Local Act;

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

amount required in any year for debt service on the Local Bonds and any such prior or parity obligations;

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

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

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

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

(viii) That the Authority may, by proper legal action, compel the performance of the duties of the Local Government under the Local Act, including the making and collection of sufficient rates or charges for services rendered by the System, and shall also have, in the event of a default in payment of principal of or interest on the Local Bonds, the right to obtain the appointment of a receiver to administer the System or construction of the Project, or both, as provided by law and all rights as set forth in Section 5 of the Act;

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

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

(xi) That the Local Government 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 DEP, 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 Local Government's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Government 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 DEP within 30 days of adoption thereof;

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

(xiv) That the proceeds of the Local Bonds, advanced from time to time, except for accrued interest and capitalized interest, if any, must (a) be deposited in a construction fund, which, except as otherwise agreed to in writing by the Authority, shall be held separate and apart from all other funds of the Local Government 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 Local Government, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the Authority and DEP, the proceeds of the Local Bonds may be used to fund all or a portion of the Reserve Account, on which the owner of the Local Bonds shall have a lien as provided herein;

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

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

(xvii) That the Local Government shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required interest, principal and reserve account payment. The Local Government shall complete the Monthly Payment Form, attached hereto as Exhibit F 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. The Local Government shall authorize the Commission to electronically sweep the monthly payments from its general revenue fund or by such other means as the Authority shall direct in writing;

(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 Local Government will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

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

(xx) That the Local Government 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 Local Government, then the Local Government shall enter into a termination agreement with the water provider; and

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

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

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

4.3 At least five percent (5%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the DEP monthly as required by the Local Government to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Government, the DEP and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the SRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y hereto. In no event shall the interest rate on or the net interest cost of the Local Bonds exceed any statutory limitation with regard thereto.

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

4.5 As provided by the SRF Regulations, the Local Government agrees to pay from time to time, if required by the Authority and DEP, the Local Government's allocable share of the reasonable administrative expenses of the Authority relating to the Program. Such administrative expenses shall be determined by the Authority and shall include, without limitation, Program expenses, legal fees paid by the Authority and fees

paid to the trustee and paying agents for any bonds or notes to be issued by the Authority for contribution to the Fund and the fees and expenses of any corporate trustee for the Fund.

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

ARTICLE V

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

5.1 The Local Government hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this ARRA Assistance Agreement and the Local Act. The Local Government 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 ARRA Assistance Agreement, the Local Government 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 ARRA Assistance Agreement.

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

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

ARTICLE VI

Other Agreements of the Local Government

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

6.2 The Local Government hereby warrants and represents that all information provided to the Authority and DEP in this ARRA Assistance 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 DEP shall have the right to cancel all or any of their obligations under this ARRA Assistance Agreement if (a) any representation made to the Authority and DEP by the Local Government in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Government has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act, the SRF Regulations or this ARRA Assistance Agreement.

6.3 The Local Government hereby agrees to give the Authority and DEP 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.

ARTICLE VII

Miscellaneous

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

7.2 If any provision of this ARRA Assistance 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 ARRA Assistance Agreement, and this ARRA Assistance Agreement shall be construed and enforced as if such invalid or unenforceable provision had not been contained herein.

7.3 This ARRA Assistance 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 ARRA Assistance Agreement.

7.4 No waiver by any party of any term or condition of this ARRA Assistance 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 ARRA Assistance Agreement.

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

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

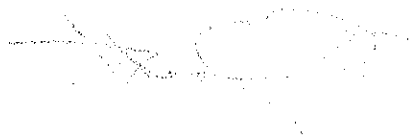
7.7 This ARRA Assistance Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Government from either the Authority or DEP;

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

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

(iv) unless waived or modified by Schedule X, payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Government to the Authority or DEP; provided that the amount of the Loan made under this ARRA Assistance Agreement in any succeeding fiscal year is contingent upon funds being appropriated by the State legislature or otherwise being available to make the Loan. In the event funds are not appropriated or otherwise available to make all of the Loan, the responsibility of the Authority and DEP to make all the Loan is terminated; provided further that the obligation of the Local Government to repay the outstanding amount of the Loan made by the Authority and DEP is not terminated due to such non-funding on any balance of the Loan. The DEP agrees to use its best efforts to have the amount contemplated under this ARRA Assistance Agreement included in its budget. Non-appropriation or non-funding of the Loan shall not be considered an event of default under this ARRA Assistance Agreement.



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

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

(SEAL)

By: Richard Wood
Its: Chairman
Date: October 23, 2009

Attest:

Janet M Haines
Its: Secretary

WEST VIRGINIA DEPARTMENT OF ENVIRONMENTAL PROTECTION, DIVISION OF WATER AND WASTE MANAGEMENT

By: _____
Its: Acting Director
Date: October 23, 2009

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: October 23, 2009

Attest:

Carol A. Cummings
Its: Secretary-Treasurer

{C1605048.1}

EXHIBIT A

FORM OF PERFORMANCE CERTIFICATE

[To Be Provided By DEP]

EXHIBIT B

MONTHLY FINANCIAL REPORT

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

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

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

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

The Local Government 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 C

PAYMENT REQUISITION FORM

(All Copies to Be Provided by DEP for Each Project)

EXHIBIT D

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 meaning set forth in the bond _____ adopted or enacted by the Issuer on _____, and the ARRA Assistance Agreement by and among the Issuer, the West Virginia Water Development Authority (the "Authority"), and the West Virginia Department of Environmental Protection (the "DEP"), 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 the DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least _____ years, if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in Schedule A attached hereto as Exhibit

A, and my firm[1] 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 DEP 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) the Issuer has received the Buy American Certificate from each contractor; (x) 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 ARRA Assistance Agreement; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the DEP; and (xii) attached hereto as Exhibit A is the final amended "Schedule A - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

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

By _____
West Virginia License No.

[SEAL]

---

[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 _____, 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 (x).

EXHIBIT E

SPECIAL CONDITIONS – ARRA FUNDED PROJECTS

The Local Government shall include the following covenants in its bond authorizing documents:

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and as approved by DEP. New systems shall submit the asset management plan to DEP when the Project is complete. Existing systems shall submit the asset management plan to DEP within six months following completion of the Project.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

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

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

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

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

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

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

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

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

guidance and regulations implementing wage rate requirements applicable to ARRA funds.

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

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

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

R. BOND DESIGNATION – Each Local Bond shall be designated "Series [2009] B" and shall contain "(WVCWSRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved customer rates for at least eighteen months after completion of the Project or (a) until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses or (b) new rates have been established by order of the Public Service Commission. The Local Government shall notify the Authority and the DEP of any action to reduce rates during the eighteen months following completion of construction of the Project.

EXHIBIT F

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 Local Government] on [Date].

Sinking Fund:

Interest	$
Principal	$
Total:	$
Reserve Account:	$

Witness my signature this ___ day of_____.

[Name of Local Government]

By: _____
Authorized Officer

Enclosure: copy of check(s)

EXHIBIT G

OPINION OF BOND COUNSEL FOR LOCAL GOVERNMENT

[To Be Dated as of Date of Loan Closing]

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

West Virginia Department of Environmental Protection
601 57th Street
Charleston, WV 25304

Ladies and Gentlemen:

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

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

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

We have also examined the applicable provisions of _____ of the Code of West Virginia, 1931, as amended (the "Local Statute"), and the bond duly adopted or enacted by the Local Government on _____, as supplemented by the supplemental

resolution duly adopted by the Local Government on _____ (collectively, the "Local Act"), pursuant to and under which Local Statute and Local Act the Local Bonds are authorized and issued, and the ARRA Assistance 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 ARRA Assistance 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 ARRA Assistance Agreement has been duly authorized by and executed on behalf of the Local Government and is a valid and binding special obligation of the Local Government, enforceable in accordance with the terms thereof.

2. The ARRA Assistance Agreement inures to the benefit of the Authority and the DEP and cannot be amended so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Local Government without the consent of the Authority and the DEP.

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

4. The Local Act and all other necessary orders and resolutions have been legally and effectively adopted or enacted by the Local Government and constitute valid and binding obligations of the Local Government, enforceable against the Local Government 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 ARRA Assistance Agreement.

5. The Local Bonds have been duly authorized, issued, executed and delivered by the Local Government to the Authority and are valid, legally enforceable and binding special obligations of the Local Government, 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,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

A. Series B Bonds (ARRA)

Principal Amount of Local Bonds	$1,791,405
Purchase Price of Local Bonds	$1,791,405

The Local Bonds shall bear no interest. The Authority at the direction of the DEP shall forgive the principal amount of the Local Bonds. Principal forgiveness shall begin on December 1, 2010, and shall be made quarterly thereafter (March 1, June 1, September 1 and December 1 of each year) as set forth on Schedule Y attached hereto and incorporated herein by reference.

The Local Bonds are fully registered in the name of the Authority.

The Local Government shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of this Agreement for at least the term of the Local Bonds.

The Local Government shall notify the Authority and the Council of any proposed bond indebtedness secured by the revenues of the System.

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

As of the date of the Loan Agreement, the Local Bonds are on a parity as to liens, pledge and source of and security for payment with the following obligations of the Local Government: none.

Number of New Customers to Be Served:	0
Location:	N/A

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

(i) Central Hampshire Public Service District Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated April 27, 1999, issued in the original aggregate principal amount of $2,836,000;

(ii) Central Hampshire Public Service District Sewer Refunding Bond, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,725,000;

(iii) Central Hampshire Public Service District Sewer Refunding Bond, Series 2005 B (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,599,500; and

(iv) Central Hampshire Public Service District Sewer Revenue Bond, Series 2005 C (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $220,203.

SCHEDULE Y
DEBT SERVICE SCHEDULE

Central Hampshire PSD			
10 Years			
	Dated Date	10/23/09	
	Delivery Date	10/23/09	
			Series B
Period Ending	**Debt Service**		**Principal Forgiveness**
9/1/10			
12/1/10	-44,786		-44,786
3/1/11	-44,786		-44,786
6/1/11	-44,786		-44,786
9/1/11	-44,786		-44,786
12/1/11	-44,786		-44,786
3/1/12	-44,785		-44,785
6/1/12	-44,785		-44,785
9/1/12	-44,785		-44,785
12/1/12	-44,785		-44,785
3/1/13	-44,785		-44,785
6/1/13	-44,785		-44,785
9/1/13	-44,785		-44,785
12/1/13	-44,785		-44,785
3/1/14	-44,785		-44,785
6/1/14	-44,785		-44,785
9/1/14	-44,785		-44,785
12/1/14	-44,785		-44,785
3/1/15	-44,785		-44,785
6/1/15	-44,785		-44,785
9/1/15	-44,785		-44,785
12/1/15	-44,785		-44,785
3/1/16	-44,785		-44,785
6/1/16	-44,785		-44,785
9/1/16	-44,785		-44,785
12/1/16	-44,785		-44,785
3/1/17	-44,785		-44,785
6/1/17	-44,785		-44,785
9/1/17	-44,785		-44,785
12/1/17	-44,785		-44,785
3/1/18	-44,785		-44,785
6/1/18	-44,785		-44,785
9/1/18	-44,785		-44,785
12/1/18	-44,785		-44,785
3/1/19	-44,785		-44,785
6/1/19	-44,785		-44,785
9/1/19	-44,785		-44,785
12/1/19	-44,785		-44,785
3/1/20	-44,785		-44,785
6/1/20	-44,785		-44,785
9/1/20	-44,785		-44,785
	-1,791,405		**-1,791,405**

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 20th day of October 2009.

CASE NO. 08-2077-PSD-CN (Reopened)

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT,
a public utility.

Application for a Certificate of Convenience and Necessity to construct certain improvements to its existing sanitary sewer collection system, installation of equipment to deliver flows to the City of Romney for treatment, and to provide sewer service to two new customers, to provide additional capacity to enable the utility to have the current moratorium on new customers, imposed by the West Virginia Department of Environmental Protection, lifted so as to provide service to future customers.

COMMISSION ORDER

The Commission approves revised project funding on an expedited basis.

Background

By Recommended Decision that became a final order on May 7, 2009, the Commission granted the Central Hampshire Public Service District ("District") a certificate of convenience and necessity to construct certain improvements to its sanitary sewer system and to install equipment to deliver flows to the City of Romney for treatment, to provide service to two new customers and to provide additional capacity so that the current moratorium on new customers, imposed by the West Virginia Department of Environmental Protection, could be lifted and the District could provide service to future customers. The Commission approved funding for the project consisting of a $500,000 grant from the Hampshire County Commission and a $1,970,000 loan through the West Virginia

Infrastructure and Jobs Development Council ("WVIJDC") at an interest rate of 0% for a term of forty years.

Among other things, the Order also approved revised rates (a 10.2% increase) for the District upon substantial completion of the project, required the District to obtain Commission approval of any changes in the plans, scope or financing of the project prior to commencing construction, and stated that if there were any changes in project costs that would not affect rates, the District was to file an affidavit duly executed by a certified public accountant verifying that the District's rates and charges would not be affected. Finally, the Order approved a revised service agreement between the City of Romney and the District, without specifically approving the terms and conditions.

On October 7, 2009, the District filed a petition to reopen this case for expedited approval of federal stimulus funding in lieu of the WVIJDC loan, that will make the previously-approved 10.2% rate increase no longer necessary. The District's petition explained that the low bid was lower than expected and that the WVIJDC loan would be replaced by federal stimulus funding through the American Recovery and Reinvestment Act of 2009 ("ARRA") in the form of a Clean Water State Revolving Fund Loan with 100% debt forgiveness and no administrative fee. Accordingly, the District's revenues from customer rates will no longer need to cover a debt service payment to WVIJDC. Because the District will no longer implement a rate increase, the District also requested that the Commission rescind the requirement that it file for Commission review of its rates six months after the loan closing. The District stated that its final closing for the funding is scheduled to occur on October 23, 2009.

On October 7, 2009, the District's certified public accountant filed an affidavit affirming that the District's rates may remain at current levels.

On October 14, 2009, Commission Staff ("Staff") filed a Memorandum summarizing its cash flow analysis based on the ARRA stimulus funding. Staff believes the previously-approved rate increase is no longer necessary and Staff recommended that the Commission grant the District's October 7, 2009 petition.

DISCUSSION

Because the District has obtained ARRA stimulus funding for this previously certificated project, the 10.2% rate increase that was to have gone into effect upon completion of the project will no longer be necessary. It is appropriate to approve the revised and reduced costs of the certificated project and to approve the revised funding which now includes an ARRA stimulus amount of $1,791,405 in lieu of the previously-approved WVIJDC loan of $1,970,000. Because a rate increase is no longer needed, the Commission

should rescind the requirement that the District file for Commission review of its rates six months after the loan closing date.

FINDINGS OF FACT

1. By Recommended Decision that became a final order on May 7, 2009, the Commission granted the District's certificate application captioned above.

2. The originally approved funding for the project consisted of a $500,000 grant from the Hampshire County Commission and a $1,970,000 WVIJDC loan at an interest rate of 0% for a term of forty years. See Recommended Decision final May 7, 2009.

3. The Commission also approved a 10.2% rate increase for the District upon substantial completion of the project. Id.

4. On October 7, 2009, the District filed a petition to reopen this case for expedited approval of a change in project funding whereby the WVIJDC loan would be replaced with federal stimulus funding through the ARRA in the form of a Clean Water State Revolving Fund Loan with 100% debt forgiveness and no administrative fee. See Petition to Reopen, and Exhibit D attached thereto.

5. The District's petition stated that the low construction bid was lower than anticipated and that the favorable terms of the ARRA stimulus funding made the 10.2% rate increase no longer necessary.

6. On October 7, 2009, the District's certified public accountant filed an affidavit affirming that the District's rates may remain at current levels.

7. By Staff Memorandum filed on October 14, 2009, Staff summarized its cash flow analysis based on the ARRA stimulus funding. Staff believes the previously-approved rate increase is no longer necessary. Staff recommended the Commission reopen this case and approve the revised project cost and funding.

CONCLUSIONS OF LAW

1. It is appropriate to approve the revised and reduced costs of the certificated project and to approve the revised funding that now includes an ARRA stimulus amount of $1,791,405 in lieu of the previously-approved WVIJDC loan of $1,970,000.

2. Because a rate increase is no longer needed, the Commission should rescind the requirement that the District file for Commission review of its rates six months after the loan closing date.

ORDER

IT IS, THEREFORE, ORDERED that the District's petition to reopen this case is granted.

IT IS FURTHER ORDERED that revised project funding consisting of a $1,791,405 Clean Water State Revolving Fund Loan, with 100% debt forgiveness and no administrative fee, and a $500,000 grant from the Hampshire County Commission, for total project funding of $2,291,405, is hereby approved.

IT IS FURTHER ORDERED that the Commission rescinds its prior approval, as stated in the Recommended Decision final on May 7, 2009, of a revised tariff to take effect upon substantial completion of the certificated project, and the District's current tariff shall remain in effect upon substantial completion of the project.

IT IS FURTHER ORDERED that the Commission rescinds the requirement stated in the Recommended Decision final on May 7, 2009, that the District file a petition to reopen this case for Commission review of its rates within six months of loan closing.

IT IS FURTHER ORDERED that except for the Commission's revisions to the project cost, project financing, tariff and rate review requirements that are addressed in this Order, the Recommended Decision final on May 7, 2009, shall remain in full force and effect.

IT IS FURTHER ORDERED that, if there are any further changes in the plans, scope or financing of the project, the District shall obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes in project costs which do not affect rates, the District shall file herein an affidavit duly executed by a certified public accountant verifying that the District's rates and charges are not affected.

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

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

A True Copy, Teste: Sandra Squire

Sandra Squire
Executive Secretary

JML/klm
082077ca.wpd

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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RECEIVED
09 OCT -7 PM 1:14
W VA PUBLIC SERVICE COMMISSION
EXECUTIVE SECRETARY'S OFFICE

October 7, 2009

VIA HAND DELIVERY
Sandra Squire, *Executive Secretary*
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

Re: **CASE NO.: 08-2077-PSD-CN**
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
Application for a certificate of convenience and necessity to construct certain improvements to its existing sanitary sewer collection system, installation of equipment to deliver flows to the City of Romney for Treatment, and to provide sewer service to two new customers, and to provide additional capacity to enable the utility to have the current moratorium on new customers, imposed by the West Virginia DEP, lifted so as to provide service to future customers.

Dear Ms. Squire:

For filing on behalf of Central Hampshire Public Service District, please find an original and twelve (12) copies of an affidavit by the District's certified public accountant affirming that the rates and charges for the District: (i) are not affected by the revised funding consisting of a $500,000 Hampshire County Commission Grant and a $1,791,405 loan from the WV DEP Clean Water State Revolving Fund with 100% debt forgiveness and no administrative fee; and (ii) will be sufficient to provide revenues which, together with other revenues of the System, will allow the District's certified public accountant to provide the CPA certification required for the issuance of the bonds.

I ask that you please file the affidavit and distribute the additional copies to the appropriate parties at the Commission. Additionally, please date stamp the file copy provided and return it with our messenger. Thank you in advance for your attention to this matter, and please contact me should you have any questions

Sincerely,

Todd M. Swanson
WVSB No. 10509

TMS
Enclosures
cc: Ted Smith, General Manager (w/ enclosure)
H. Charles Carl, III, Esquire (w/ enclosure)
John Kunkle, CPA (w/o enclosure)

135450.00009

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

Case No.: 08-2077-PSD-CN

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to construct certain improvements to its existing sanitary sewer collection system, installation of equipment to deliver flows to the City of Romney for treatment, and to provide sewer service to two new customers, and to provide additional capacity to enable the utility to have the current moratorium on new customers, imposed by the West Virginia DEP, lifted so as to provide service to future customers

STATE OF WEST VIRGINIA
COUNTY OF Berkeley, TO-WIT:

AFFIDAVIT

I, John Kunkle, CPA, after making an oath of affirmation to tell the truth, say that, I have reviewed the Recommended Decision of the Public Service Commission of West Virginia in Case No. 08-2077-PSD-CN dated April 17, 2009 approving a $500,000 Hampshire County Commission Grant and a $1,970,000 loan from the West Virginia Infrastructure & Jobs Development Council at an interest rate of 0% for a term of 40 years and, based upon all the information that has been provided to me, to date, I am of the opinion that the rates and charges for the City (i) are not affected by the revised funding consisting of a $500,000 Hampshire County Commission Grant and a $1,791,405 loan from the WV DEP Clean Water State Revolving Fund with 100% debt forgiveness and no administrative fee; and (ii) will be sufficient to provide revenues which, together with other revenues of the System, will allow me to provide the CPA certification required for the issuance of the Bonds.

This Affidavit is executed on the 7 day of October, 2009.

John C. Kunkle

John Kunkle, CPA

Taken, subscribed and sworn to before me this 7th day of October, 2009.

My commission expires 2-13-2016.

Notary Public

[SEAL]

OFFICIAL SEAL
State Of West Virginia
D. BROWNING
SEWER DIST
WV 25402
Feb. 13, 2016

082077alj041709.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

5/7/2009

Entered: April 17, 2009

CASE NO. 08-2077-PSD-CN

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT,
a public utility.

Application for a Certificate of Convenience and Necessity to construct certain improvements to its existing sanitary sewer collection system, installation of equipment to deliver flows to the City of Romney for treatment, and to provide sewer service to two new customers, and to provide additional capacity to enable the utility to have the current moratorium on new customers, imposed by the West Virginia Department of Environmental Protection, lifted so as to provide service to future customers.

RECOMMENDED DECISION

On December 15, 2008, Central Hampshire Public Service District (District) filed an application, duly verified, for a certificate of convenience and necessity to construct certain improvements to its sanitary sewer system and to install equipment to deliver flows to the City of Romney for treatment, to provide service to two (2) new customers and to provide additional capacity so that the current moratorium on new customers, imposed by the West Virginia Department of Environmental Protection, can be lifted in order to provide service to future customers. The project is estimated to cost approximately $2,470,000 and is to be financed with a $500,000 grant from the Hampshire County Commission (HCC) and a loan through the West Virginia Infrastructure and Jobs Development Council (WVIJDC) in the amount of $1,970,000, at an interest rate of 0% for a term of 38 years. Under the District's proposed rate increase, the average bill will increase by $4.24 per 4,000 gallons, an increase of 10.2%. Along with the application, the District filed a Rule 42 exhibit; a proposed notice of filing; project plans and specifications; various permits; the intergovernmental sewer service agreement with the City of Romney; and commitment letters from the WVIJDC and the HCC.

By Order dated December 15, 2008, the District was directed to give notice of the filing of its application, including the proposed increased sewer rates and charges, by publishing a copy of said Order once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hampshire County, making due return to the Commission of a proper certification of publication immediately thereafter. Anyone interested in the application was given thirty (30) days in which to file written protests or petitions to intervene. The

Order further noted that, if no protests were received within the thirty-day period, the Commission could waive formal hearing and grant the application based on the evidence submitted with the application and the Commission's review thereof.

By Order issued on December 31, 2008, the Commission referred this matter to the Division of Administrative Law Judges for a decision to be issued on or before April 29, 2009, if there has been no public protest to the application within thirty (30) days after the required notice has been provided, and on or before July 13, 2009, if a public protest is received within thirty (30) days after the required notice has been provided.

On January 8, 2009, Staff Attorney Leslie J. Anderson filed an Initial Joint Staff Memorandum to which was attached a January 6, 2009 Initial Internal Memorandum prepared by Karen L. Buckley, Utilities Analyst II, and Sandra Mitchell, Utilities Analyst II, both of the Water and Wastewater Division, and Lisa Bailey, Technical Analyst Associate, Engineering Division. Technical Staff indicated that the following information was needed for review of the filing: (1) Schedule B of the WVIJDC funding letter; (2) clarification of how the $0.48 per 1,000 gallons rate to be charged by the City of Romney was determined; and (3) a copy of any communication from the DEP which indicates agreement with the proposed project. Legal Staff recommended the following: (1) the case be restyled to reflect that the review of the Sewer Service Agreement is part of the case by adding PC to the case number; (2) the District file the information requested by Technical Staff within ten (10) days of the memorandum, or Staff may move to dismiss the case; and (3) the case be referred to the Division of Administrative Law Judges.

On January 21, 2009, the District filed a response to Staff's request for information.

By Procedural Order dated February 27, 2009, the District was required to file an Affidavit of Publication of the Notice of Filing. Staff was required to file the Final Joint Staff Memorandum on or before March 16, 2009.

On March 2, 2009, the District filed an Affidavit of Publication which reflected that, on December 17, 2008, the Notice of Filing was published in the Hampshire Review, a newspaper duly qualified by the Secretary of State, published and of general circulation in Hampshire County. On January 22 and 23, 2009, two letters of protest were filed. Since both protests were filed after the 30-day protest period, the decision due date for the Division of Administrative Law Judges is April 29, 2009.

On March 16, 2009, Staff Attorney Anderson filed the Final Joint Staff Memorandum to which was attached the March 16, 2009 Final Internal Memorandum prepared by Ms. Buckley, Ms. Mitchell and Ms. Bailey. Staff reported that the project will make improvements to the District's existing sanitary sewer collection system, make improvements to the City of Romney's Wastewater Treatment facility and provide sewer service to two (2) new customers in Hampshire County. The project also will provide additional capacity at the District's sewage treatment plant in order to

lift the moratorium imposed by the West Virginia Department of Environmental Protection. The District also included in the application a Sewer Service Agreement with the City of Romney (City) to allow a portion of the District's flow to be treated by the City.

The estimated project cost is $2,470,000 and is to be funded through a $500,000 grant from the Hampshire County Commission and a $1,970,000 loan from the West Virginia Infrastructure and Jobs Development Council (WVIJDC) at a 0% interest rate for a term of 40 years.

The District proposed a rate increase of 10.2% to current sewer rates. The District's proposed tariff also included a capacity improvement fee (CIF).

The District owns and operates an existing sanitary sewage collection system and a 0.2 million gallon per day (MGD) waste water treatment plant that collects wastewater from the District's 670 customers and transfers it to the treatment plant via pumping stations. The District has a long history of permit non-compliance and has been operating under a moratorium since May 2005. The instant project will permit the moratorium to be lifted and will provide capacity for current and future development. The District has not complied with the Commission's Sewer Rule 4.12.c which requires a utility to immediately notify the Commission in writing if a State agency other than the Commission imposes a moratorium on the utility's system. Staff opined that the proposed project will positively impact both the short and long-term viability of the project area and supports the project need.

The project involves the installation of an interconnection line to transfer a portion of the existing sewage currently being treated at the District's treatment plant to the City for treatment and disposal. This will permit the moratorium to be lifted. Additionally, two (2) new customers will be included in the project and two (2) grinder pump stations will be eliminated. The proposed facilities will allow approximately 60,000-100,000 GPD of the District's current sewer flows to be collected and treated by the City. These facilities will serve the 670 current customers, lift the DEP's moratorium and allow for future growth within the service area. The City's treatment plant can handle the added capacity since the project includes additional storage capacity equivalent to the amount the District may divert for treatment.

Engineering Staff found no apparent violations of the Commission's Sewer Rules. The Bureau for Public Health has issued Permit No. 18,161 dated November 17, 2008, for project construction. Staff recommended approval of the project without specifically approving the project plans and specifications.

Staff indicated that the District will have to acquire 70% of the 43 right-of-way easements prior to awarding project bids. Staff believes that all necessary permits and regulatory approvals for the project have either been issued or will be available prior to the start of construction.

Staff recommended that the District take a more aggressive approach to identify and eliminate sources of system inflow and infiltration

(I&I). Staff recommended that the District include a surface or groundwater surcharge in its tariff to penalize customers who do not comply with the standards.

The estimated total project cost is $2,470,000, with an estimated construction cost of $1,900,000. Staff opined that the engineering fees are in the average range. The estimated construction cost is approximately $2,836 per customer, which is reasonable. Although additional power and maintenance costs are associated with operating new lift stations, pumps and flow meters, operating expenses should be decreased due to lower chemical treatment and sludge removal costs.

Staff believes that this project, which diverts 30% of the District's flow to the City for treatment and adds pumping and storage facilities at the City, is the most cost-effective and efficient means to provide additional treatment capacity to the District. Staff opined that the project is both necessary and convenient.

Staff recommended approval of the Sewer Service Agreement between the City and the District, without specifically approving the terms and conditions of the Agreement, contingent upon the filing of an amended agreement which included Staff's proposed additional section regarding limitations of uses.

The District's proposed tariff also included a capacity improvement fee (CIF) to be used to apportion the cost of system growth and to mitigate the rate impact to existing customers. Staff concluded that the District did not meet the Commission's criteria for population growth. Staff also concluded that the District did not meet the required CIF capacity depletion rate of five (5) to seven (7) years. Additionally, although the District's calculation of the proposed CIF used the current approved project cost for additional capacity, one of the Commission's criterion is that CIFs be approved for the purpose of providing funds for future construction. Staff recommended that the CIF be denied.

The District's project has been approved by the WVIJDC with an estimated cost of $2,470,000 and will be financed by a $500,000 grant from the Hampshire County Commission and a $1,970,000 loan at 0% interest for 40 years from the WVIJDC. The annual principal payments for the WVIJDC loan will be $51,842 and the required 10% debt reserve will be $5,184. The depreciation/renewal and replacement reserve will be 2.5% of operating revenues, or $1,341. Funding commitment letters from all sources have been filed.

Staff recommended that the District's tap fee remain at its current level of $750. Staff recommended approval of a surcharge for above-strength discharges.

The project will cause the District to incur additional debt and, therefore, increased rates are necessary. The District proposed to increase its rates and charges by approximately 10.2%. The proposed rates and charges would generate approximately $53,608 in additional annual operating revenues, which would be sufficient to cover the project-related expenses, debt service and reserve requirements. The pro forma surplus will be $27,434 and debt coverage will be 120%. Staff

recommended approval of the proposed project and the 10.2% increase in rates and charges. Staff recalculated the District's leak adjustment rate to be $2.09 per M gallons.

Staff recommended that the District be granted a certificate of convenience and necessity pursuant to West Virginia Code §24-2-11 for the proposed project, with project financing consisting of a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $1,970,000 at 0% interest for a term of 40 years and a $500,000 grant from the Hampshire County Commission. Staff also recommended *inter alia* the following: (a) the District be required to file verification that the 70% requirement for acquisition of rights-of-way has been met prior to bidding out the project; (b) the District be required to file copies of the approved West Virginia Division of Environmental Protection NPDES permit, the West Virginia Division of Highways permit and the Department of Natural Resources stream-crossing permit before construction begins; (c) the District be required to petition the Commission to reopen the application if there are substantive changes in the project scope or significant changes in the design or other aspects of the project, which require the approval of the West Virginia Bureau for Public Health; (d) the District develop a workable sampling plan to collect qualitative data on the sanitary sewer stream being collected prior to treatment by the City; (e) the District file a revised Sewer Service Agreement which includes the sampling plan; (f) the District's request for a Capital Improvement Fee (CIF) be denied; and (g) approval of the revised treatment contract without specifically approving the terms and conditions of the agreement.

Also on March 16, 2009, Staff Attorney Anderson also filed a letter addressed to the Honorable William E. Hicks, Sr., Mayor of the City of Romney, and Ms. Betty Colebank, City of Romney, Sewer Department. Ms. Anderson represented that, as part of the instant certificate proceeding, Staff had reviewed a proposed Sewer Service Agreement between the District and the City of Romney. Staff recommended certain changes to that agreement. Since the City is not a party to the certificate proceeding, Staff was putting the City on notice that, if the City had any objections to Staff's recommendations, the City should file a petition to intervene in the proceeding. Staff attached a copy of its Final Joint Staff Memorandum to the letter.

By Procedural Order dated March 18, 2009, the City was required to file written objections, if any, to Staff's recommendations, along with a petition to intervene in this proceeding, on or before March 30, 2009.

On March 30, 2009, the City of Romney filed a letter in which the City represented that it would not be filing a petition to intervene in this proceeding. The City requested that the Commission grant its consent and approval to the proposed Sewer Service Agreement after revisions were submitted.

On April 3, 2009, the District filed a revised Sewer Service Agreement which reflected Staff's final recommendations. The District also represented that the District had no objections to the Final Joint Staff Memorandum.

On April 9, 2009, Staff Attorney Leslie J. Anderson filed the Further Final Joint Staff Memorandum. Ms. Anderson represented that the revised Sewer Service Agreement addresses the Staff concerns which were outlined in the Final Joint Staff Memorandum.

DISCUSSION

Based upon a review of the District's certificate application and Commission Staff's recommendations set forth in the Final Joint Staff Memorandum with attachment filed March 16, 2009, it is clear that the District's proposed improvements to its existing sanitary sewer collection system and the installation of equipment to deliver flows to the City of Romney for treatment are needed to increase treatment capacity and to enable the District to have the current West Virginia Department of Environmental Protection moratorium lifted. Accordingly, the District's certificate application will be approved.

The financing for the proposed project, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council, in the amount of $1,970,000, at 0% interest for a term of 40 years, and a grant in the amount of $500,000 from the Hampshire County Commission, is reasonable and will be approved. The proposed rate increase will provide revenues which are sufficient, but not more than sufficient, to cover the District's project-related O&M expenses and debt service requirements and will be approved.

The revised Sanitary Service Agreement between the District and the City of Romney will be approved without specifically approving the terms and conditions of said agreement. Although the City of Romney declined to become a party to this proceeding, the City has represented that it supports the agreement. Additionally, Commission Staff has indicated that the revised agreement includes Staff's recommended changes and is acceptable.

Finally, the District sought approval of a Capital Improvement Fee (CIF). Staff recommended that approval be denied since the District did not meet the CIF criteria established by this Commission. Specifically, the District did not properly demonstrate population growth or that the existing capacity reserves would be depleted within five (5) to seven (7) years. Additionally, the District failed to calculate the CIF on projected needs. Since the District has not met the CIF criteria established by the Commission in Berkeley County Public Service District, Case No. 04-0153-PSD-T (Commission Order dated August 31, 2004); Jefferson County Public Service District, Case No. 03-1490-PSD-T-PC (Commission Order dated March 28, 2005); and Willow Spring Public Service Corporation (Commission Order dated May 15, 2007), the District's request for a CIF should be denied.

FINDINGS OF FACT

1. On December 15, 2008, Central Hampshire Public Service District filed an application for a certificate of convenience and necessity to construct certain improvements to its existing sanitary sewer collection

system, to install equipment to deliver flows to the City of Romney for treatment, to provide service to two (2) new customers and to provide additional capacity to lift the moratorium imposed by the West Virginia Department of Environmental Protection. The proposed project will be financed with a $500,000 grant from the Hampshire County Commission and a loan through the West Virginia Infrastructure and Jobs Development Council in the amount of $1,970,000, at an interest rate of 0% for a term of 40 years. The funding has been committed. (See, application filed December 15, 2008).

2. The District proposed a rate increase which would increase the average bill by $4.24 per 4,000 gallons, an increase of 10.2%. (See, application filed December 15, 2008).

3. On March 2, 2009, the District filed an Affidavit of Publication which reflected that, in compliance with the Commission's December 15, 2008 Order, the Notice of Filing had been published on December 17, 2008, in the Hampshire Review, a newspaper duly qualified by the Secretary of State, published and of general circulation in Hampshire County, West Virginia. (See, affidavit of publication filed March 2, 2009).

4. The improvements proposed to the District's existing sanitary sewer collection system and the installation of equipment to deliver flows to the City of Romney for treatment will provide sewer service to two new customers and will result in sufficient additional capacity to allow the current moratorium on new customers, imposed by the West Virginia Department of Environmental Protection, to be lifted. (See, application filed December 15, 2008; Final Joint Staff Memorandum and attachment filed March 16, 2009).

5. The Bureau for Public Health has issued Permit No. 18,161 for the project. Staff found no obvious violations of the Commission's rules, after its review. (Final Joint Staff Memorandum and attachment filed March 16, 2009).

6. Commission Staff recommended that the District be granted a certificate of convenience and necessity to construct certain improvements to the District's existing sanitary sewer collection system and to install equipment to deliver flows to the City of Romney for treatment, and that the project financing, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council, in the amount of $1,970,000 at 0% interest for a term of 40 years, and a $500,000 grant from the Hampshire County Commission, be approved. (See, Final Joint Staff Memorandum with attachment filed March 16, 2009).

7. After review and investigation, to address increases associated with the District's proposed project, Commission Staff recommended approval of the District's proposed rates, which will result in a minimum bill of $22.92 for 2,000 gallons. The proposed rates will produce a cash flow surplus of $27,434 (including an R&R of $14,504) and debt service coverage of 120%. (See, Final Joint Staff Memorandum with attachment filed March 16, 2009).

8. Two untimely protests were filed. (See, filings dated January 22 and 23, 2009).

9. The City of Romney supports the revised Sewer Service Agreement. (See, filing dated March 30, 2009).

10. The revised Sewer Service Agreement addresses the concerns raised by Staff in the Final Joint Staff Memorandum. (See, Further Final Joint Staff Memorandum filed April 9, 2009).

11. The District has no objections to the Final Joint Staff Memorandum. (See, filing dated April 3, 2009).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the issuance of a certificate of convenience and necessity to Central Hampshire Public Service District to construct certain improvements to its existing sanitary sewer collection system, to install equipment to deliver flows to the City of Romney for treatment, to provide sewer service to two new customers and to provide additional capacity to lift the current moratorium imposed by the West Virginia Department of Environmental Protection.

2. It is reasonable to approve the financing for the project, which consists of a $500,000 grant from the Hampshire County Commission and a loan through the West Virginia Infrastructure and Jobs Development Council in the amount of $1,970,000, at an interest rate of 0% for a term of 40 years.

3. The District's proposed rates, as revised by Commission Staff to eliminate the proposed CIF, to recalculate the leak adjustment and to add the surface water provision, attached hereto as Appendix A, are sufficient, but not more than sufficient, to cover the District's project-related operation and maintenance expenses and debt service requirements. Accordingly, the Staff-recommended rates should be approved for use by the District on and after the date that the project certificated herein goes into service.

4. The service agreement, as amended, between the City of Romney and Central Hampshire Public Service District should be approved, without specifically approving the terms and conditions of said agreement.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on December 15, 2008, by Central Hampshire Public Service District for a certificate of convenience and necessity to construct certain improvements to its existing sanitary sewer collection system, to install equipment to deliver flows to the City of Romney for treatment, to provide sewer service to two new customers and to provide additional capacity to lift the current Department of Environmental Protection moratorium, be, and it hereby is, granted.

IT IS FURTHER ORDERED that the financing of the project, consisting of a $500,000 grant from the Hampshire County Commission and a $1,970,000 loan through the West Virginia Infrastructure and Jobs Development Council at an interest rate of 0% for a term of 40 years, be, and it hereby is, approved.

IT IS FURTHER ORDERED that the proposed increased rates and charges, attached hereto as Appendix A, be, and hereby are, approved for use by Central Hampshire Public Service District for all service rendered by the District upon substantial completion of the project certificated herein.

IT IS FURTHER ORDERED that Central Hampshire Public Service District file an original and at least five (5) copies of a revised tariff reflecting the rates set forth in Appendix A within thirty (30) days of the date of substantial completion of the project certified herein.

IT IS FURTHER ORDERED that Central Hampshire Public Service District file verification that the 70% requirement for acquisition of right-of-ways has been met prior to letting out bids for the project.

IT IS FURTHER ORDERED that the Central Hampshire Public Service District file copies of the West Virginia Department of Environmental Protection NPDES permit, the West Virginia Department of Highways permit and the Department of Natural Resources stream-crossing permit before construction begins.

IT IS FURTHER ORDERED that Central Hampshire Public Service District file the certificate of substantial completion from its engineer for the project certificated herein as soon as it becomes available.

IT IS FURTHER ORDERED that Central Hampshire Public Service District file a copy of the engineer's certified tabulation of bids for this project within ten (10) days of the bid opening date.

IT IS FURTHER ORDERED that, if there are any changes in the plans, scope or financing of the project, Central Hampshire Public Service District obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if there are any changes in project costs which do not affect rates, Central Hampshire Public Service District file herein an affidavit duly executed by a certified public accountant verifying that the District's rates and charges are not affected.

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

IT IS FURTHER ORDERED that the revised service agreement filed on April 3, 2009, between the City of Romney and Central Hampshire Public Service District is approved, without specifically approving the terms and conditions of said agreement.

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

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

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

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

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

Deborah Yost VanDervort
Administrative Law Judge

DYV:s
082077ab.wpd

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
CASE NO. 08-2077-PSD-CN

APPROVED RATES

APPLICABILITY
Applicable within the entire territory served.

AVAILABILITY
Available for general domestic, commercial and industrial sewer service.

RATES (Customers with a metered water supply)
$11.46 per 1,000 gallons)

MINIMUM BILL
No bill will be rendered for less than $22.92 per month, which is the equivalent of 2,000 gallons.

FLAT RATE CHARGE (Customers with non-metered water supply)
Equivalent of 4,500 gallons of water storage, $51.57 per month

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

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

A tap fee of $750 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

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

LEAK ADJUSTMENT
$2.09 per 1,000 gallons of water is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SURCHARGE FOR ABOVE STRENGTH DISCHARGES
Customer discharges exceeding domestic strength will be subject to pretreatment requirements as established by the West Virginia Department of Environmental Protection and require a specific contractual service agreement with the utility.

SECURITY DEPOSIT

A deposit of $50.00 or 2/12th of the average annual usage of the applicant's specific customer class, whichever is greater.

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

APPLICABILITY

Wherever the District has discovered that a customer's roof drain, down spout, storm sewer or similar facilities conducting surface water have been connected to the District's sewer system and such a customer has failed to take appropriate action within thirty (30) days of receipt of a demand by the District in accordance with the Rule 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 collecting 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 thousand of gallons of water.
C=the District's approved rate per thousand gallons of metered water usage.

The Utility 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 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.

The surcharge shall be calculated and imposed for each month the 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.

P.S.C. W. Va. No. 9
Canceling P.S.C. W. Va. No. 8

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public utility

OF

ROMNEY, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

for a lagoon system at Sunrise Summitte, Gore District, east of Romney, Hampshire County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

RECEIVED
2009 JAN 26 AM 11 19
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Issued January 12, 2009

Effective for service rendered on and after January 7, 2009 or as otherwise provided herein

Issued by authority of an order of
The Public Service Commission of West Virginia
in Case No. 08-0497-PSWD-19A final
January 7, 2009 or as otherwise provided herein

Issued by CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public utility

By Richard Ward
Chairman
Title

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Sewerage Utilities, adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

APPLICABILITY

Applicable within the entire territory served.

(C) AVAILABILITY

Available for general domestic, commercial and industrial sewer service.

(I) RATES (Customers with a metered water supply)

$10.40 per 1,000 gallons

(I) MINIMUM BILL

No bill will be rendered for less than $20.80 per month, which is the equivalent of 2,000 gallons.

(I) FLAT RATE CHARGE (Customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage, $46.80 per month

(C) 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

(C) TAP FEE

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

A tap fee of $750 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

(C) RETURNED CHECK CHARGE

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

(C) Indicates change in text
(I) Indicates increase

(C,I) LEAK ADJUSTMENT

$2.25 per 1,000 gallons of water is to be used when a bill reflects unusual consumption which can be attributed to eligible water leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

(N) SECURITY DEPOSIT

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

(C) Indicates change in text
(I) Indicates increase
(N) Indicates new

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
1/7/2009

Entered: December 18, 2008

CASE NO. 08-0497-PSWD-19A

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public utility, Augusta, Hampshire County. Rule 19A application to increase water and sewer rates and charges.

RECOMMENDED DECISION

On April 17, 2008, the Central Hampshire Public Service District (Utility) filed a Rule 19A application to increase both its water and sewer rates.

On May 7, 2008, the Commission referred the matter.

On June 16, 2008, the Utility requested emergency interim rate relief for its water system. The Utility indicated that the water system was experiencing a severe cash flow crisis. The Utility requested an interim rate increase of 10%.

On June 16, 2008, the Utility filed an affidavit indicating that it properly mailed separate notice of its request for a rate increase to each of its customers.

On July 8, 2008, Staff recommended an across-the-board emergency interim rate increase of 8.01% to the Utility's current rates for water service.

By Interim Recommended Decision entered July 10, 2008, the Utility was granted an 8.01% across-the-board emergency rate increase for its water system, subject to refund. The Utility was ordered to publish notice of the emergency interim rate increase.

On July 28, 2008, Staff filed its report for both the water and sewer rates. By Procedural Order issued July 31, 2008, the Utility was ordered to publish notice of the Staff-recommended rates for both water and sewer service.

By Procedural Order issued August 27, 2008, Staff was ordered to review its recommendations to see if they were consistent with the recent Commission decision in Claywood Park Public Service District, Case No. 07-0175-PWD-19A (August 19, 2008). The Procedural Order also set the matter for hearing on October 7, 2008.

On September 4, 2008, Staff filed a motion to extend the decision due deadline and to reschedule the hearing. Staff indicated that it

needed additional time in order to conduct the review required by the Commission's decision on Claywood Park.

On September 8, 2008, the Commission extended the decision due deadline to February 2, 2009.

By Procedural Order issued September 11, 2008, the hearing was rescheduled to December 2, 2008. The Utility was ordered to publish notice of the hearing.

On November 17, 2008, Staff filed a further report. Staff concluded that its sewer recommendations for the Utility should remain the same but that its water rate recommendations for the Utility should be decreased, with the new Staff-recommended rate being a decrease of .87% from the currently approved interim rates. Staff also recommended a refund to the Utility's water customers of the difference between the two rates.

On November 24, 2008, the Utility indicated that it had no objection to canceling the hearing.

On November 24, 2008, Staff moved to cancel the hearing. Staff indicated that it was informed by the Utility on November 21, 2008, that the Utility would not be objecting to the new Staff recommendations. Staff further reported that the Utility had already published notice of the hearing, but would still have time to publish notice of a cancellation of the hearing if such a notice was issued expeditiously.

By Procedural Order issued November 24, 2008, the hearing was canceled and the Utility was ordered to publish of the cancellation of the hearing. The Utility properly published notice of cancellation on November 26, 2008.

FINDINGS OF FACT

1. On April 17, 2008, the Utility filed a Rule 19A application to increase both its water and sewer rates. (See application).

2. On June 16, 2008, the Utility requested emergency rate relief for its water system indicating that the water system was experiencing a severe cash flow crisis. (See filing of June 16, 2008).

3. On July 8, 2008, Staff recommended an across-the-board emergency interim rate increase of 8.01% to the Utility's current rates for water service. (See Staff filing of July 8, 2008).

4. The Utility was granted an 8.01% emergency interim rate increase for its water rates by Interim Recommended Decision entered July 10, 2008. The interim rate increase was subject to refund. (See Interim Recommended Decision entered July 10, 2008).

5. On November 17, 2008, Staff recommended that the Utility's sewer rates be increased 6.3% across-the-board and that the Utility's water rates be decreased .87% from the approved interim rates. (See Staff filing of November 17, 2008).

6. The Utility properly published notice of Staff-recommended rates for its water and sewer operations that were the same as or greater than those which Staff finally recommended in this proceeding. (See affidavit of publication filed on September 25, 2008).

7. The Utility has accepted the Staff-recommended rates. (See filing of November 24, 2008, by Utility and the Staff filing of the same date).

8. The Utility's sewer system serves approximately 668 customers in Hampshire County. (See Staff Report filed July 28, 2008).

9. The last approved rate increase for sewer charges was final on October 13, 2005. (Id.).

10. Sewer operations are audited on annual basis by an independent CPA. The sewer system has appropriately trained sewer operators. (Id.).

11. The sewer and water operations share certain resources and allocate the shared expenses at 37% sewer and 63% water. (Id.).

12. The Utility owns its own sewage treatment plant and treats its own sewage. (Id.).

13. The Utility granted sewer system employees a 2% pay raise on July 1, 2007, and an additional 2.5% pay raise on January 1, 2008. (Id.).

14. The Utility hired an additional sewer system employee at $9.00 an hour on July 10, 2008. (Id.).

15. The sewer system's debt reserve requirements are fully funded. (Id.).

16. The Utility had approximately $178,968 in a general checking account which is unencumbered and sufficient to meet the Utility's annual working capital needs. (Id.).

17. The Staff-recommended rates for the sewer operation will provide a cash surplus of $483.00 and a debt service coverage of 116.82%. (Id.).

18. The Staff-recommended sewer rates represent a 6.34% across-the-board increase to the Utility's current rates and charges and will generate an additional $32,631 in operating revenue. (Id.).

19. The Utility's current sewer rates result in a going-level cash deficit of $31,054 and a resulting debt service coverage of 97.68%. (Id.).

20. The Utility's current sewer rates create a proforma cash deficit of $5,483 and a proforma debt service coverage of 112.81%. (Id.).

21. Under the Utility's current sewer rates, a bill based on 2,000 gallons of water per month is $19.56 and a bill based on 4,500 gallons of

water per month is $44.01. The Staff-recommended rates result in a 2,000-gallon bill of $20.80 and a 4,500-gallon bill of $46.80. (See Staff Report filed July 28, 2008).

22. The appropriate leak adjustment sewer charge for the Utility is $2.25 per 1,000 gallons which is the calculated cost of treatment without any fixed costs allocated. (Id.).

23. The Utility serves approximately 1,252 water customers in Hampshire County. The Utility's water operations are audited on an annual basis by an independent CPA. The Utility has appropriately trained water system operators. (See Staff Report filed July 28, 2008).

24. The Utility purchases all of its water from the City of Romney. The Utility added 269 customers to its water system within the last year. (Id.).

25. The Utility is in negotiations with the Green Springs Public Service District, which, if they come to fruition, will result in the Utility taking over the Green Springs system. (Id.).

26. The Utility granted its water employees a 2% pay increase on July 1, 2007, and a 2.5% increase on January 1, 2008. (Id.).

27. Prior to the imposition of interim rates in this proceeding, the Utility's water operation was operating at a cash flow deficit of $60,869 and a debt service coverage of 77.41%. (See Staff filing of July 8, 2008).

28. Under the interim rates, the Utility has experienced a going-level cash surplus of $21,395 and a debt service coverage of 142.95%, with a proforma cash surplus of $54,553 and a corresponding debt service coverage of 167.31%. Staff calculated a leak adjustment based on the cost of purchased water plus pumping costs of $6.56 per 1,000 gallons. (See, Staff Report filed July 28, 2008).

29. Staff recommended a decrease of .87% across-the-board from the approved interim water rates. Staff concluded that its earlier recommendations in this proceeding for water rates resulted in an excess surplus under the new analysis of the Commission in the Claywood Park proceeding. (See Revised Staff Report filed November 17, 2008).

30. The Staff-recommended water rates will result in a minimum water bill of $22.30 for 2,000 gallons and an average bill of $47.43 for 4,500 gallons. (Id.).

31. The Staff-recommended water rates result in a cash surplus of $106.00 and a debt service coverage of 127.71%. (Id.).

CONCLUSIONS OF LAW

1. The Staff-recommended water rates are necessary, reasonable, just, based primarily upon the cost of service and should be approved for use by the Utility on and after the date that this decision becomes a final order of the Commission.

2. The Utility should be required to refund to its customers, in the form of bill credits, the difference between the interim rates and the final rates for the period of time that the interim rates were charged to its customers.

3. The Staff-recommended sewer rates are necessary, reasonable, just, based primarily upon the cost of service and should be approved for use by the Utility on and after the date that this decision becomes a final order of the Commission.

4. The Staff-recommended sewer and water rates conform to the required analysis in the Claywood Park Order.

ORDER

IT IS, THEREFORE, ORDERED that the rates attached as Appendix A be, and hereby are, approved for use by the Central Hampshire Public Service District for the provision of all water service on and after the date that this decision becomes a final order of the Commission.

IT IS FURTHER ORDERED that the Central Hampshire Public Service District refund to its water customers, in the form of credits on their monthly bills, the difference between the interim rates and the final approved rates for the entire time that the Utility charged the interim rates until the date that the final approved rates are implemented.

IT IS FURTHER ORDERED that the rates attached as Appendix B be, and hereby are, approved for use by the Central Hampshire Public Service District for the provision of all sewer service on and after the date that this decision becomes a final order of the Commission.

IT IS FURTHER ORDERED that the Utility file with the Commission an original and at least five (5) copies of its revised water and sewer tariffs within thirty (30) days of the date that this decision becomes a final order of the Commission.

IT IS FURTHER ORDERED that the matter be removed from the open docket.

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 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 the exceptions.

If no exceptions are filed, this order shall become the order of the Commission, without further action, five (5) days following the expiration of the fifteen (15) day time period, unless it is ordered stayed 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 the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

K. A. George

Keith A. George
Administrative Law Judge

KAG:bam
080497ae.wpd

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
CASE NO. 08-0497-PSWD-19A

APPROVED WATER RATES

APPLICABILITY
Applicable within the entire territory served

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

RATES

First	2,000 gallons used per month	$11.15 per 1,000 gallons
Next	3,000 gallons used per month	$10.05 per 1,000 gallons
Next	15,000 gallons used per month	$ 9.35 per 1,000 gallons
All over	20,000 gallons used per month	$ 8.35 per 1,000 gallons

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

5/8 inch meter	$ 22.30 per month
3/4 inch meter	$ 33.45 per month
1 inch meter	$ 55.75 per month
1 1/2 inch meter	$ 111.50 per month
2 inch meter	$ 178.40 per month
3 inch meter	$ 356.80 per month
4 inch meter	$ 557.50 per month
6 inch meter	$1,115.00 per month

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

RECONNECTION $25.00
To be charged whenever the supply of water is turned off for violations of rules, non-payment of bills, or fraudulent use of water.

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

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

A tap fee of $350.00 will be charged to all customers who apply for service outside a certificate proceeding before the Commission for *each new tap to the system.*

PRIVATE FIRE PROTECTION SERVICE

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

	Per Year
2 inch service lines with hydrants, sprinklers, and/or hose connections	$ 4.00
4 inch services lines with hydrants, sprinklers, and/or hose connections	$ 16.00
6 inch service line with hydrants, sprinklers, and/or hose connections	$ 40.00
8 inch service line with hydrants, sprinklers, and/or hose connections	$ 60.00

LEAK ADJUSTMENT

$6.57 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

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

SECURITY DEPOSIT

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

APPENDIX B

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
CASE NO. 08-0497-PSWD-19A

APPROVED SEWER RATES

APPLICABILITY
Applicable within the entire territory served

AVAILABILITY
Available for general domestic, commercial and industrial sewer service

RATES (customers with a metered water supply)
$10.40 per 1,000 gallons

MINIMUM CHARGE
No bill will be rendered for less than $20.80 per month, which is equivalent of 2,000 gallons

FLAT-RATE CHARGE (customer with non-metered water supply)
Equivalent to 4,500 gallons of water usage $46.80 per month

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

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

A tap fee of $750.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

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

LEAK ADJUSTMENT
$2.25 per 1,000 gallons of water is to be used when a bill reflects unusual water consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

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

West Virginia Infrastructure & Jobs Development Council

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

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

Jefferson E. Brady, PE
Executive Director

Jefferson.Brady@verizon.net

August 11, 2008

Richard Wood, Chairman
Central Hampshire Public Service District
RR 1, Box 84
Augusta, West Virginia 26704

Re: Central Hampshire Public Service District
Sewer Project 2006S-959

Dear Mr. Wood:

The West Virginia Infrastructure and Jobs Development Council, at its August 6, 2008 meeting, determined that the Central Hampshire Public Service District (the "District") should utilize a $500,000 Hampshire County Commission grant and voted to offer a binding commitment for an Infrastructure Fund loan of $1,970,000 (0%, 40 years) to finance this $2,470,000 project. This project consists of interception of flows being treated by the District and installing necessary pump stations and force mains to deliver flows to the City of Romney for treatment.

In order to receive the proposed binding commitment the District must adhere to a certain project schedule. Please contact Jeff Brady at (304) 558-4607 by **September 30, 2008** to establish the necessary schedule and finalize the proposed binding commitment.

Sincerely,

Kenneth Lowe, Jr.

cc: Mike Johnson, P.E., DEP (via e-mail)
Hampshire County Commission
Region VIII Planning & Development Council
Daniel Ferrell, P.E., Thrasher Engineering, Inc.

WEST VIRGINIA

Infrastructure & Jobs Development Council

Manchin, III
Lowe, Jr.
Member
Calhoun
Member
"Bones" McComas
Member
Member
E. Brady, P.E.
Director
J. Pauley
Administrative Secretary

October 30, 2008

Richard Wood, Chairman
Central Hampshire PSD
RR 1, Box 84
Augusta, WV 26704

Re: 2006S-959 Binding Commitment
(Action Required by November 31, 2008)

Dear Mr. Wood:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") provides this binding offer of an Infrastructure Fund loan of approximately $1,970,000 (the "Loan") to the Central Hampshire Public Service District (the "PSD") for the above referenced sewer project (the "Project"). The Loan will be subject to the terms set forth on Schedule A attached hereto and incorporated herein by reference. The final Loan amount will be established after the PSD has received acceptable bids for the Project. The Infrastructure Council will set aside a portion of the Infrastructure Fund to make the Loan upon the PSD's compliance with the program requirements.

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

A. Prepare and submit plans and specifications to the Bureau for Public Health no later than October 31, 2008.
B. File a Certificate Case with the Public Service Commission no later than November 30, 2008.
C. Prepare and submit the title opinion no later than April 30, 2009.
D. Advertise for bids no later than May 31, 2009.

(The PSD must receive authority from the Infrastructure Council before bidding the project. A pre-bid checklist is attached.)

The Infrastructure Council reserves the right to withdraw this Loan 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.

300 Summers Street, Suite 980 · Charleston, WV 25301 · Phone (304) 558-4607 · Fax (304) 558-4609

If the PSD becomes aware that it will not meet one or more of the above schedule dates, the PSD should immediately notify the Infrastructure Council of this fact and the circumstances which have caused or will cause the PSD 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 Infrastructure Council will enter into Loan agreement with the PSD 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 PSD has any questions regarding this commitment, please contact Jeff Brady at the above-referenced telephone number.

Sincerely,

Kenneth Lowe, Jr.

Attachments
cc: Dan Ferrell, P.E., Thrasher Engineering (via e-mail)
Mike Johnson, P.E., DEP (via e-mail)

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

Central Hampshire PSD

By: Richard Wood

Its: Chairman

Date: 11/5/08

Pre Bid Requirements

		Funding:	Amount
Project:	_____	IJDC	$
County:	_____		
Project Number:	_____		
		Total Project:	$

_____ 1. Draft Schedule B

_____ 2. Copy of Engineering Agreement
_____ Copy of PSC order approving engineering agreement

_____ 3. PSC schedule for certificate of convenience & necessity

_____ 4. Status of Health / DEP permit

_____ 5. Evidence of other permits
_____ Highways
_____ Corps of Engineers
_____ Public Lands
_____ Railroad
_____ NPDES
_____ Culture & Hist.

_____ 6. Bid documents, sealed by P.E.. Use of EJCDC Standard General Conditions, Form 1910-8 is encouraged

_____ 7. Compliance with WV Jobs Act

_____ 8. Proposed bid advertisement

_____ 9. Evidence that 80% easements, ROW and 100% of land

_____ 10. Project administration agreement (if necessary)

_____ 11. Intergovernmental agreements (if necessary)

_____ 12. If Municipality, evidence of rate ordinance

_____ 13. Sewer Use Ordinance

_____ 14. Evidence of resolution of parity issues - [letter from existing lender - has all info]

_____ 15. Certificate of Insurance

_____ 16. Agreements
_____ Attorneys
_____ Accountant
_____ Bond Counsel
_____ Others

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 23rd day of October, 2009, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the West Virginia Department of Environmental Protection (the "DEP"), and the undersigned Chairman of Central Hampshire Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 23rd day of October, 2009, the Authority received the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, in the principal amount of $1,791,405, numbered BR-1 (the "Series 2009 B Bonds"), issued as a single, fully registered Bond, and dated October 23, 2009.

2. At the time of such receipt, the Series 2009 B 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 upon the Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2009 B Bonds, of the sum of $89,570, being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced by the Authority and the DEP to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

WITNESS our respective signatures as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: Carol A. Cummings
Its: Authorized Representative

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

By: Richard C Wood
Its: Chairman

09.10.09
135450.00009

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank,
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

On this 23rd day of October, 2009, there are delivered to you herewith:

(1) Bond No. BR-1, constituting the entire original issue of Central Hampshire Public Service District Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in the principal amount of $1,791,405, dated October 23, 2009 (the "Series 2009 Bonds"), executed by the Chairman and Secretary of Central Hampshire Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on October 7, 2009, and a Supplemental Resolution duly adopted by the Issuer on October 7, 2009 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Series 2009 B Bonds, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of an ARRA Assistance Agreement for the Series 2009 B Bonds, dated October 23, 2009, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"); and

(4) Executed opinion of nationally recognized bond counsel regarding the validity of the ARRA Assistance Agreement and the Series 2009 B Bonds.

You are hereby requested and authorized to deliver the Series 2009 B Bonds to the Authority upon payment to the Issuer of the sum of $89,570, representing a portion of the principal amount of the Series 2009 B Bonds. Prior to such delivery of the Series 2009 B Bonds, you will please cause the Series 2009 B Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

CENTRAL HAMPSHIRE
PUBLIC SERVICE DISTRICT

By: Richard Wood
Its: Chairman

09.04.09
135450.00009

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2009 B
(WEST VIRGINIA SRF PROGRAM/ARRA)

No. BR-1 $1,791,405

KNOW ALL MEN BY THESE PRESENTS: The 23rd day of October, 2009, that CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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 SEVEN HUNDRED NINETY-ONE THOUSAND FOUR HUNDRED AND FIVE DOLLARS ($1,791,405),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, 2010, to and including September 1, 2020 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. This Bond shall not be subject to the SRF Administrative Fee (as defined in the hereinafter describe Bond Legislation).

This Bond shall bear no interest. Principal installments of this Bond are forgivable quarterly as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the ARRA Assistance Agreement by and among the Issuer, the Authority and the DEP, dated October 23, 2009.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further 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 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on October 7, 2009, and a Supplemental Resolution duly adopted by the Issuer on October 7, 2009 (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: (I) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,836,000 (THE "SERIES 1999 A BONDS"); (II) SEWER REFUNDING BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,725,000 (THE "SERIES 2005 A BONDS"); (III) SEWER REFUNDING BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,599,500 (THE "SERIES 2005 B BONDS"); AND (IV) SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $220,203 (THE "SERIES 2005 C BONDS"), (COLLECTIVELY, 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 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, except from said special fund provided from the Net Revenues, the monies in the Series 2009 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2009 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to 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 Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in

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

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

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

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, CENTRAL HAMPSHIRE 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

Richard M. Wood

Chairman

ATTEST:

SPECIMEN

Carolyn Haines

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2009 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: October 23, 2009.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $89,570	October 23, 2009	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

Central Hampshire PSD

10 Years

Dated Date 10/23/2009

Delivery Date 10/23/2009

Period Ending	Debt Service	Series B Principal Forgiveness
9/1/2010		
12/1/2010	-44,786	-44,786
3/1/2011	-44,786	-44,786
6/1/2011	-44,786	-44,786
9/1/2011	-44,786	-44,786
12/1/2011	-44,786	-44,786
3/1/2012	-44,785	-44,785
6/1/2012	-44,785	-44,785
9/1/2012	-44,785	-44,785
12/1/2012	-44,785	-44,785
3/1/2013	-44,785	-44,785
6/1/2013	-44,785	-44,785
9/1/2013	-44,785	-44,785
12/1/2013	-44,785	-44,785
3/1/2014	-44,785	-44,785
6/1/2014	-44,785	-44,785
9/1/2014	-44,785	-44,785
12/1/2014	-44,785	-44,785
3/1/2015	-44,785	-44,785
6/1/2015	-44,785	-44,785
9/1/2015	-44,785	-44,785
12/1/2015	-44,785	-44,785
3/1/2016	-44,785	-44,785
6/1/2016	-44,785	-44,785
9/1/2016	-44,785	-44,785
12/1/2016	-44,785	-44,785
3/1/2017	-44,785	-44,785
6/1/2017	-44,785	-44,785
9/1/2017	-44,785	-44,785
12/1/2017	-44,785	-44,785
3/1/2018	-44,785	-44,785
6/1/2018	-44,785	-44,785
9/1/2018	-44,785	-44,785
12/1/2018	-44,785	-44,785
3/1/2019	-44,785	-44,785
6/1/2019	-44,785	-44,785
9/1/2019	-44,785	-44,785
12/1/2019	-44,785	-44,785
3/1/2020	-44,785	-44,785
6/1/2020	-44,785	-44,785
9/1/2020	-44,785	-44,785
	-1,791,405	**-1,791,405**

(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

October 23, 2009

Central Hampshire Public Service District
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

Central Hampshire Public Service District
Augusta, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of
Environmental Protection
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Central Hampshire Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $ 1,791,405 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of an ARRA Assistance Agreement dated October 23, 2009, including all schedules and exhibits attached thereto (the "ARRA Assistance Agreement"), by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the ARRA Assistance 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 forgivable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 20 10, to and including September 1, 2020 , all as set forth in the "Schedule Y" attached to the ARRA Assistance 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 22C, Article 2 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 improvements and

extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on October 7, 2009, as supplemented by a Supplemental Resolution duly adopted by the Issuer on October 7, 2009 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the ARRA Assistance 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 ARRA Assistance Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the ARRA Assistance Agreement when used herein.

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

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

2. The ARRA Assistance 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 DEP and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or the DEP or diminish the obligations of the Issuer without the written consent of the Authority and the DEP.

3. The Bond Legislation and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer 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 and Exhibit E of the ARRA Assistance Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (i) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated April 27, 1999, issued in the original aggregate principal amount of $2,836,000 (the "Series 1999 A Bonds"); (ii) Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,725,000 (the "Series 2005 A Bonds"); (iii) Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,599,500 (the "Series 2005 B Bonds"); and (iv) Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $220,203 (the "Series 2005 C Bonds"), (collectively, the "Prior Bonds"); all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

It is to be understood that the rights of the holders of the Bonds and the enforceability of the Bonds, the ARRA Assistance 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 BR-1, and in our opinion the form of said Bond and its execution and authentication are regular and proper.

Very truly yours,

STEPTOE & JOHNSON PLLC

09.04.09
135450.00009

CARL, KEATON & FRAZER, PLLC
ATTORNEYS AT LAW
56 E. MAIN STREET
ROMNEY, WEST VIRGINIA 26757

H. CHARLES CARL, III
WILLIAM C. KEATON
JULIE A. FRAZER
WILLIAM H. ANSEL, JR. (1914-1988)

(304) 822-4187
(304) 822-3028
FAX (304) 822-7871

October 23, 2009

Central Hampshire County Public Service District
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

Central Hampshire Public Service District
RR 1, Box 84
Augusta, West Virginia 26704

West Virginia Water Development Authority
Charleston, West Virginia

Department of Environmental Protection
601 57th Street S.E.,
Charleston, West Virginia 25304

Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326

Ladies and Gentlemen:

We are counsel for Central Hampshire Public Service District, a public service district, in Hampshire County, West Virginia ("the Issuer"). As such counsel, we have examined copies of the approving opinions of Steptoe & Johnson, PLLC, as bond counsel, an ARRA Assistance Agreement for the Series 2009 B bonds dated October 23, 2009, including all schedules and exhibits attached thereto, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection ("DEP"), the Bond Resolution duly adopted by the Issurer on October 7, 2009, as supplemented by the Supplemental Resolution duly adopted by the Issuer on October 7, 2009 (collectively the "Bond Legislation"), orders of the county Commission of Hampshire county relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (collectively, the "Bonds"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the ARRA Assistance Agreement when used herein.

We are of the opinion that:

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

2. The ARRA Assistance Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties hereto, constitute valid and binding agreements of the Issuer enforceable in accordance with their terms.

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

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

4. The execution and delivery of the bonds and the ARRA Assistance Agreement and the consummation of the transactions contemplated by the Bonds, the ARRA Assistance 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 ordinance, 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.

5. The Issuer has received all orders, certificates and authorizations from the Public Service Commission of West Virginia necessary for the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the implementation of rates and charges, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received a Recommended Decision of the Public Service Commission fo West Virginia entered April 17, 2009, which became Final Order on May 7, 2009, Commission Order dated October 20, 2009, and Affidavit of Certified Public Accountant dated October 7, 2009 in Case No. 08-2077-PSD-CN, among other things, granted 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 such Order entered October 20, 2009, 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. All Orders remain in full force and effect.

6. To the best of our knowledge, there is no litigation, action suit, proceeding or investigation at law or in equity before or by an court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the ARRA Assistance 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.

7. We have ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug free workplace plan, and the contracts contain language that comply with the Drug Free workplace Act, Article 1D, Chapter 21 of West Virginia Code. We have also ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been verified for accuracy. Based upon our review of the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project, We are of the opinion that such surety bonds and policies (i) are in compliance with the contracts; (ii) are adequate in form, substance and amount to protect the various interests of the Issuer; (iii) have been executed by duly authorized representatives of the proper parties; (iv) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (vi) 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. Charles Carl, III
CARL, KEATON & FRAZER, PLLC

\\Ckfserver\share$\Charlie\Central Hampshire PSD\CHPSD.Sewer.Revenue.Bonds.10.23.09.hcc.wpd

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(304) 822-4187
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FAX (304) 822-7871

September 11, 2009

Central Hampshire Public Service District
RR 1, Box 84
Augusta, WV 26704

Department of Environmental Protection
601 57th Street S.E.,
Charleston, West Virginia 25304

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

Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326

RE: Final Title Opinion for Central Hampshire Public Service District

Dear Ladies and Gentlemen:

At this time, I write as legal counsel for Central Hampshire Public Service District ("the Issuer") in connection with a proposed project to undertake improvements to its existing Sanitary Public Sewage Collection and Treatment System, the City of Romney Wastewater Treatment facility, and to provide sewer service to additional customers of CHPSD , (known as the "Project") for said District. As Counsel, I now provide this Final Title Opinion on behalf of the "Issuer" to satisfy the requirements of the West Virginia Infrastructure and Jobs Development Council (the "Council") for the project. Please be advised of the following:

1. I am of the opinion that the Issuer is a duly created and validly existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia to construct, operate, and maintain the Central Hampshire Public Service District Project as approved by the Bureau of Public Health (BPH).

2. The Issuer has obtained all necessary permits and approvals for the construction of the Project.

3. I have investigated and ascertained the location of, and am familiar with the legal description of the necessary sites, including easement and/or rights of way, required for the Project as set forth in the plans for the Project prepared by Thrasher Engineering, the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Hampshire County, West Virginia, the county in which the Project is to be located, and in my opinion, the Issuer has acquired legal title or such other estate or interest in all of the necessary site components for the Project, including all easements and/or rights of way, with the exception of that listed in Paragraph No. 5 below, and in sufficient form to assure undisturbed use and possession for the purpose of construction, operation, and maintenance for the estimated life of the Project.

5. The following listed property is the sole remaining property over which an easement for the sewer line is necessary to be acquired by agreement or by eminent domain, and the owner of said parcel, namely the Corporation of the Presiding Bishop of the Church of Jesus Christ of Latter-Day Saints, a Utah corporation sole, has executed a voluntary Right of Entry Agreement which has been filed in the aforesaid Clerk's Office, granting the Issuer a right of entry for the purpose of construction, operation, and maintenance of the Project on the subject properties pending obtaining a permanent easement. A negotiated agreement for the acquisition of the easement has been reached and is in the process of being signed and approved by the owner. It is anticipated that the permanent easement will be finalized and received in the near future, but in any event the Right of Entry is now in place and recorded. Should the agreement be revoked for any reason, the property would then be taken through eminent domain. The Issuer's title at this point is defeasible in the event the Issuer does not satisfy any resulting judgments and/or awards in the proceedings for acquisition of said property through eminent domain and our certification is subject to the final acquisition of the easement over same:

NAME	TAX MAP/ PARCEL	ESTATE NEEDED
Corp. Of the Presiding Bishop Of the Church of Jesus Christ of Latter-Day Saints, a Utah corp. sole	36C/1.5	Sewer Line easement

6. All Deeds, Easements, Rights of Way, and Right of Entry which have been acquired to date by the Issuer have been duly recorded in the Office of the Clerk of the County Commission of Hampshire to protect the legal title to and interest of the Issuer.

Respectfully Submitted,

H. Charles Carl, III
Attorney at Law

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

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. ARRA ASSISTANCE AGREEMENT
11. RATES
12. PUBLIC SERVICE COMMISSION ORDER
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. PUBLICATION OF NOTICE OF PSC FILING
16. SPECIMEN BONDS
17. CONFLICT OF INTEREST
18. CLEAN WATER ACT
19. PROCUREMENT OF ENGINEERING SERVICES
20. GRANTS
21. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Central Hampshire Public Service District in Hampshire County, West Virginia (the "Issuer"), and the undersigned COUNSEL TO THE ISSUER, hereby certify this 23rd day of October, 2009 in connection with the Issuer's Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated the date hereof (the "Series 2009 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 October 7, 2009, and the Supplemental Resolution duly adopted October 7, 2009 (collectively, the "Bond Legislation").

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition or construction of the Project, the operation of the System, the receipt of Grant proceeds or the Net Revenues, or in any way contesting or affecting the validity of the Bonds or the Grants, 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 the Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations 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 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2009 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (i) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated April 27, 1999, issued in the original aggregate principal amount of $2,836,000 (the "Series 1999 A Bonds"); (ii) Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,725,000 (the "Series 2005 A Bonds"); (iii) Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,599,500 (the "Series 2005 B Bonds"); and (iv) Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $220,203 (the "Series 2005 C Bonds") (collectively, the "Prior Bonds").

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; (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2009 B 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.

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

ARRA Assistance Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders Creating the District and Public Service Commission Order relating thereto

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

NPDES Permit

Department of Environmental Protection Approval of Plans and Specifications

Prior Resolutions

Evidence of Insurance

Evidence of County Commission Grant

6. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Central Hampshire Public Service District." The Issuer is a public service district and public corporation duly created by The County Commission of Hampshire County and presently existing under the laws of, and a public corporation and political subdivision of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
Brian Judy	July 1, 2009	June 30, 2015
Richard Wood	July 1, 2005	June 30, 2011
Robert Mayhew	February 7, 2006	June 30, 2010

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2009 are as follows:

Chairperson	-	Richard Wood
Secretary	-	Robert Mayhew
Treasurer	-	Brian Judy

Janet M. Haines was appointed as Secretary for the purposes of the Series 2009 B Bonds closing.

The duly appointed and acting counsel to the Issuer is Carl, Keaton, & Frazer PLLC, Romney, 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, ordinances, 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, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Worker's Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation and ARRA Assistance Agreement is in full force and effect.

10. ARRA ASSISTANCE AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the respective ARRA Assistance Agreement are true and correct in all material respects as if made on the date hereof; (ii) the ARRA Assistance 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 ARRA Assistance 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 ARRA Assistance Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the ARRA Assistance Agreement.

The Issuer shall make monthly payments into the Renewal and Replacement Fund as required by Section 4.1 of the ARRA Assistance Agreement for at least the term of the Series 2009 Bonds.

The Issuer shall notify the Authority and the DEP of any proposed bond indebtedness secured by the revenues of the System.

The Special Conditions of the ARRA Assistance Agreement are attached as Exhibit A and hereby incorporated herein.

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

11. RATES: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia entered December 18, 2008 which became

final order on January 7, 2009, in Case No. 08-0497-PSWD-19A, approving the rates and charges for the services of the System. The Issuer has adopted a resolution prescribing such rates and charges. The rates will be effective when the Project is substantially complete.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision of the Public Service Commission of West Virginia dated April 17, 2009 which became Final Order on May 7, 2009, Commission Order dated October 20, 2009 and Affidavit of Certified Public Accountant dated October 7, 2009, in Case No. 08-2077-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 the Commission Order entered on October 20, 2009 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. All 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, numbered BR-1, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the ARRA Assistance Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $89,570 from the Authority and the DEP, being a portion of the principal amount of the Series 2009 B Bonds. The balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF PSC FILING: The Issuer has published any required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, and the 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 Official West Virginia Code of 1931, as amended.

16. SPECIMEN BONDS: Delivered concurrently herewith are true and accurate specimens of the Bonds.

17. CONFLICT OF INTEREST: No 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.

18. CLEAN WATER ACT: The Project as described in the Bond Resolution complies with Sections 208 and 303(e) of the Clean Water Act.

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. GRANTS: As of the date hereof, the grant from the Hampshire County Commission in the amount of $500,000 is committed and in full force and effect.

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
_____	Counsel to Issuer

09.04.09
135450.00009

EXHIBIT A

ARRA Special Conditions

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

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

C. BUY AMERICAN CERTIFICATION – The Local Government shall cause the contractor(s) to comply with, and provide certification of, the Buy American provisions of the ARRA in accordance with final guidance from the EPA.

D. ASSET MANAGEMENT – The Local Government shall develop and implement an asset management plan in accordance with guidelines issued by DEP and is approved by DEP.

E. CONTRACTS – The Local Government shall enter into contracts or commence construction by February 17, 2010.

F. LOGO – The Local Government must display the ARRA logo in a manner that informs the public that the project is an ARRA investment.

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

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

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

J. REPORTING – The Local Government shall comply with all requests for data related to the use of the funds provided under this agreement, including the information required in section 1512 of ARRA when requested by DEP.

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

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

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

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

O. OFFICE OF MANAGEMENT AND BUDGET (OMB) GUIDANCE – The Local Government acknowledges and agrees that this ARRA Assistance is subject to all applicable provisions of implementing guidance for the American Recovery and Reinvestment Act of 2009 issued by the United States Office of Management and Budget, including the Initial Implementing Guidance for the American Recovery and Reinvestment Act (M-09-10) issued on February 18, 2009 and available on www.recovery.gov, and any subsequent guidance documents issued by OMB.

P. DISADVANTAGED BUSINESS ENTERPRISE – Pursuant to 40 CFR, Section 33.301, the Local Government agrees to make good faith efforts whenever

procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Government shall provide DEP with MBE/WBE participation reports semi-annually.

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

R. BOND DESIGNATION – Each Local Bond funded by ARRA funds shall be designated "Series [2009] B" and shall contain "(West Virginia SRF Program/ARRA)" in the bond name.

S. USER RATES – The Local Government shall covenant that it will not reduce its approved or enacted customer rates for at least eighteen months after completion of the Project or until such time as a cost of service study has been completed establishing the actual operation and maintenance expenses.

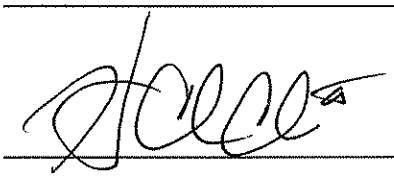
WITNESS our signatures and the official seal of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
Richard Wood	Chairman
Janet M Haines	Secretary
_____	Counsel to Issuer

09.04.09
135450.00009

WITNESS our signatures and the official seal of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the day and year first written above.

SIGNATURE	OFFICIAL TITLE
_____	Chairman
_____	Secretary
 _____	Counsel to Issuer

\\Ckfserver\share$\Charlie\Central Hampshire PSD\CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICTSewer Revenue Bonds.Series 2009,Certificate.wpd

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

ENGINEER'S CERTIFICATE

I, Daniel Ferrell, Registered Professional Engineer, West Virginia License No. 013462 , of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify this 23rd day of October , 2009 as follows:

1. My firm is engineer for the acquisition and construction of certain improvements and extensions (the "Project") to the existing public sewerage system (the "System") of Central Hampshire Public Service District (the "Issuer"), to be constructed primarily in Hampshire County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution, duly adopted by the Issuer on October 7, 2009, as supplemented by the Supplemental Resolution duly adopted by the Issuer on October 7, 2009, the ARRA Assistance Agreement for the Series 2009 B Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP"), dated October 23 , 2009 (the "ARRA Assistance 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; and (ii) 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 DEP and any change orders approved by the Issuer, the DEP and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 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 in reliance upon the opinion of Issuer's counsel, _Carl, Keaton & Frazer PLLC, of even date herewith, all successful bidders have made required provisions for all insurance and payment and performance bonds and such insurance policies or binders and such bonds have been

verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the successful bidders have provided the drug-free workplace affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; and (vi) the bid documents relating to the Project reflect the Project as approved by the DEP and the bid forms provided to the bidders contain the critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (x) in reliance upon the certificate of the Issuer's certified public accountant, J C Kunkle & Associates, of even date herewith, the rates and charges for the System as adopted by the Issuer and approved by the West Virginia Public Service Commission will be sufficient to comply with the provisions of the ARRA Assistance Agreement; (xi) the net proceeds of the Bonds, together with all other monies 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 Council; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. I have received the Buy American Certification from each contractor.

5. The Project will service zero new customers.

[Remainder of Page Intentionally Blank]

WITNESS my signature and seal on the day and year first written above.

THRASHER ENGINEERING, INC.

(SEAL)

Daniel Ferrell, P.E.
West Virginia License No. 013462

09.04.09
135450.00009

Schedule A

Name of Governmental Agency: Central Hampshire PSD

Estimated Total Cost of Project Sources of Funds and Cost of Financing

A. Cost of Project

1. Construction	1,501,405
Equipment	100,000
Power	33,430
2.Technical Services	461,000
3. Legal and Fiscal	40,000
4. Administrative	35,000
5. Site and Other Lands	20,000
6. Step I and/or Step II or Other Loan Repayment (Specify Type)	0
7. Interim Financing Costs	0
8. Contingency	75,070
9. Total of Lines 1-8	2,265,905

B. Source of Funds

10. Federal Grants	0
11. State Grants	0
12. Other Grants	500,000
13. Other Sources Local Countribution	
14. Total of Lines 10-13	500,000
15. Proceeds Required from Bond Issue (Line 9 less line 14)	1,765,905

C. Cost of Financing

16. Capitalized Interest (Construction period plus six months)	0
17. Funded Reserve Account	0
18. Bond Counsel	25,500
19. Other Costs	0
20. Total of Lines 16-19	25,500
21. Size of Bond Issue (Line 9 plus Line 20 minus Line 14)	1,791,405

Richard C Wood
Central Hampshire PSD

Wayne E Thrasher
Thrasher Engineering

CENTRAL HAMPSHIRE PSD

Schedule B

	TOTAL	ARRA SRF 100%	County Commission
A. COST OF PROJECT:			
1 CONSTRUCTION			
Contract #1	1,501,405	1,501,405	0
Equipment	100,000	0	100,000
2 TECHNICAL SERVICES			
Prelim engineering	60,000	0	60,000
Design	135,000	29,000	106,000
Basic	35,000	35,000	0
Special/Other Svcs	141,000	75,500	65,500
Resident Inspection	90,000	90,000	0
3 LEGAL & FISCAL			
Legal	25,000	0	25,000
Accountant	15,000	0	15,000
4 ADMINISTRATIVE			
Administrative	35,000	35,000	0
Power to site	33,430	0	33,430
Permits	5,000	0	5,000
5 Sites & Other Lands			
Land Activities	5,000	0	5,000
Land acquisition (purchase)	10,000	0	10,000
6 CONTINGENCY	75,070	0	75,070
7 SubTotal	2,265,905	1,765,905	500,000
B. COST OF FINANCING			
8 Funded Reserve	0	0	0
9 Registrar fees	500	500	0
10 Bond Counsel	25,000	25,000	0
11 Cost of Financing	25,500	25,500	0
12 TOTAL Cost of Project	2,291,405	1,791,405	500,000
C SOURCES OF FUNDS			
13 State Grants	0	0	0
14 Other sources	500,000	0	500,000
15 Total Grants	500,000	0	500,000
16 Net proceeds from Bond Issuance	1,791,405	1,791,405	0

Richard A Wood

Central Hampshire Public Service District

10-7-09

Date

Thrasher Engineering

10/8/09

Date

J.C. Kunkle & Associates, A.C.
CERTIFIED PUBLIC ACCOUNTING & CONSULTING

October 23, 2009

Central Hampshire Public Service District
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

Central Hampshire Public Service District
Augusta, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

Based upon the sewer rates and charges set forth in the Recommended Decision entered December 18, 2008 of the Public Service Commission of West Virginia in Case No. 08-0497-PSWD-19A, and projected operation and maintenance expenses and anticipated customer usage as furnished to me by Central Hampshire Public Service District (the "Issuer"), it is our 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 (I) provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 23, 2009, issued in the aggregate principal amount of $1,791,405, (the "Series 2009 Bonds") and all other obligations secured by or payable from such revenues, including the Issuer's (I) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated April 27, 1999, issued in the original aggregate principal amount of $2,836,000 (the "Series 1999 A Bonds"); (ii) Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,725,000 (the "Series 2005 A Bonds"); (iii) Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,599,500 (the "Series 2005 B Bonds"); and (iv) Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $220,203 (the "Series 2005 C Bonds"), (collectively, the "Prior Bonds").

164 Lina Lane ▪ Martinsburg, WV 25405
304/263-9299 ▪ Fax 304/267-7032 ▪ e-mail: jckunkle@jckunkleassociates.com
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

It is further our opinion that the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2009 Bonds plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2009 Bonds 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, if any, on the Prior Bonds, and the Series 2009 Bonds.

Very truly yours,

J C KUNKLE & ASSOCIATES

Martinsburg, West Virginia

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

CERTIFICATE AS TO USE OF PROCEEDS

The undersigned Chairman of the Public Service Board of Central Hampshire Public Service District in Hampshire County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,791,405 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, dated October 23, 2009 (the "Bonds"), hereby certify this 23rd day of October, 2009 as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on October 7, 2009 as supplemented by Supplemental Resolution duly adopted by the Issuer on October 7, 2009 (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 October 23, 2009, the date on which the Bonds are being physically delivered in exchange for an initial advance of $89,570, being a portion of the principal amount of the Series 2009 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Department of Environmental Protection (the "DEP"), 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 2009 B Bonds were sold on October 23, 2009, to the Authority, pursuant to an ARRA Assistance Agreement dated October 23, 2009, by and among the Issuer, the Authority and the DEP, for an aggregate purchase price of $1,791,405 (100% of par), at which time, the Issuer received $89,570 from the Authority and the DEP, being the first advance of the principal amount of the Series 2009 B Bonds.. No accrued interest has been or will be paid on the Series 2009 B Bonds. The balance of the principal amount of the Series 2009 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2009 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying certain costs of issuance and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the 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 Series 2009 B Bonds Reserve Account, 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 February 1, 2011. The acquisition and construction of the Project is expected to be completed by August 1, 2010.

8. The total cost of the Project is estimated at $2,291,405. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2009 B Bonds	$1,791,405
County Commission Grant	$ 500,000
Total Sources	$2,291,405

USES	
Costs of Acquisition and Construction of the Project	$2,265,905
Costs of Issuance	$ 25,500
Total Uses	$2,291,405

11. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2009 Bonds:

(1) Revenue Fund (established by Prior Resolution);

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

(3) Series 2009 Bonds Construction Trust Fund;

(4) Series 2009 B Bonds Sinking Fund; and

(5) Series 2009 B Bonds Reserve Account.

12. Pursuant to Article VI of the Bond Resolution, the proceeds of the Bonds will be deposited as follows:

(1) Series 2009 B Bond proceeds in the amount of $-0- will be deposited in the Series 2009 B Bonds Sinking Fund as capitalized interest and applied to payment of interest on the Series 2009 B Bonds during acquisition and construction of the Project and for a period not to exceed six months following completion thereof.

(2) Series 2009 B Bonds proceeds in the amount of $-0- will be deposited in the Series 2009 B Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2009 B Bonds will be deposited in the Series 2009 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 2009 B Bonds and related costs.

13. Monies held in the Series 2009 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2009 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2009 B Bonds Sinking Fund and Series 2009 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2009 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.

14. 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 9 months of the date hereof.

15. The Issuer will take such steps as requested by the Authority to ensure that the Authority's bonds meet the requirements of the Code.

16. With the exception of the amount deposited in the Series 2009 B Bonds Sinking Fund for payment of interest, if any, on the Bonds and the amount deposited in the Series 2009 B 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.

17. 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.

18. 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.

19. All property financed with the proceeds of the Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

20. 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.

21. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

22. 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.

23. The Bonds are not federally guaranteed.

24. 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 public purpose bonds.

25. The Issuer has either (a) funded the Series 2009 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, respectively, on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2009 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2009 B Bonds reserve Account hold an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2009 B Bonds Reserve Account and the Series 2009 B Bonds Sinking Fund will be used solely to pay principal of and interest on each series of the Bonds and will not be available to pay costs of the Project.

26. 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 of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

27. 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.

28. 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.

29. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

[Remainder of Page Intentionally Blank]

WITNESS my signature on the day and year first written above.

CENTRAL HAMPSHIRE
PUBLIC SERVICE DISTRICT

By: Richard Wood
Its: Chairman

09.04.09
135450.00009

At the Courthouse on February 17, 1976, a meeting of County Court was held.

P R E S . N T

On February 17, 1976, Harry G. Riley, President, George E. Herriott and Paul C. Williams, Commissioners, were present.

ORDER

Be it resolved and ordered that pursuant to the provisions of Section 2, Article 13-A, Chapter 16 of the Code of West Virginia, it is hereby proposed that a public service district to be known as Central Hampshire Public Service District be created in that part or portion of the County of Hampshire, State of West Virginia, as more particularly described and bounded as follows:

"Beginning at a point (#1) where the most southeasterly corporation line of Romney, W. Va. intersects U. S. Route 50; thence, in a northeasterly direction 56,200' to a point (#2) where County Road 3 intersects County Road 3/8; thence, continuing in a northeasterly direction 26,400' to a point (#3) where County Roads 5/7 and5/8 intersect; thence, following County Road 5/7 in a northwesterly direction 7,400' to a point (#4) in the W. Va. - Maryland State line; thence, following said State Line and the Morgan County Line in an easterly direction 47,500' to a Point (#5) where it intersects W. Va. State Route 9; thence, in a westerly direction following W. Va. S.R. 9, 4,200' to a point (#6) where Route 9 meets W.Va. S. R. 29; thence, following W. Va. S.R. 29 in a southerly direction 39,600' to a point (#7) where it intersects W. Va. S.R. 45; thence, in a southwesterly direction 24,000' to a point (#8) in the Gore & Bloomery Magisterial District line; thence, following said Magisterial line in a southerly direction 50,800' to a point(#9) being the common corner of Gore, Bloomery, Capon and Sherman Magisterial Districts; thence, continuing from said common corner in a southwesterly direction along the Bloomery and Sherman Magisterial District line 61,800' to a point (#10) in the Hampshire and Hardy County line; thence, following said County line in a northwesterly direction approximately 48,000' to a point (#11) where it intersects the western boundary line of the Sherman Magisterial Dist.; thence, following said Magisterial District line in a northeasterly direction 34,900' to a point (#12) where it intersects W. Va. Route 10/7; thence, in a northerly direction 30,400' to a point (#13) in the Romney, W. Va. Corporation line thence, following said corporation line in a northeasterly direction 5,000' back to the place of beginning."

It is further ordered that the 9th day of March, 1976, at 10:00 A.M., at the Court House in Romney, West Virginia, shall be and the same is hereby fixed as the time and place for a hearing wherein any interested citizen who lives within, owns or has any interest in property within the said proposed Central Hampshire Public Service District may appear to either voice his approval or objection to the creation of the public service district aforesaid, and, every such citizen will be given an opportunity to be heard.

It is further ordered that the Clerk of this Court shall cause notice of such hearing and the time and place thereof, together with a description of the territory, to be included with in the bounds of said district and the name thereof, to be published in the Hampshire Review, a newspaper of general circulation in Hampshire County, West Virginia, at least ten days prior to such hearing; and it is further ordered that the Clerk of this Court shall cause all publication costs relative thereto to be paid out of the contingent funds of this Court or out of any other funds available or to be made available for that purpose.

Hampshire County Court

/s/ Harry G. Riley
President

CERTIFICATION OF RECORD

State of West Virginia,

County of Hampshire, To-wit:

I, Nancy C. Feller, Clerk of the County Court of Hampshire County, a Court of record in and for said County and state, do certify that the foregoing and annexed writing is a true copy of ORDER: CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT PROPOSING ~~Created~~ THE CREATION AND PUBLICATION.

in the Clerk's Office of the said County Court on the 17th. day of February, 1976, as full and complete as the same is now of record in said office, in Fiscal & Police Book No. 10, Page 483

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court (which is my Official Seal) at my office, in said County, this 3rd. day of July, 1997.

Nancy C. Feller

Clerk of County Court of Hampshire County, West Virginia

It appearing that all the provisions of law relating to the creation of Public Service districts has been complied with, and it further appearing that the creation of the Public Service District as hereinafter described will be conducive to the preservation of public health, comfort and convenience of such area, and a hearing relative thereto having been held atthe Court House in Romney, West Virginia, on the 9th day of March, 1976 at 10:00 A.M., after proper notice given, at which time andplace the citizens who live within or who own property in or who have an interest in property situate in said District appeared and indicated that it was their desire that such District be created, it is therefore ordered that pursuant to the provisions of Article 13A, Chapter 16 of the Code of West Virginia, t a Public Service District to be hereafter known as Central Hampshire Public Service District be, and the same is hereby created in Hampshire County, West Virginia, geographical described and bounded as follows:

> "Begining at a point(1) where the most southeasterly corporation line of Romney, West Virginia, intersects U. S. Route 50; thence in a northeasterle direction 56,200 ft. to a point (2) where county road 3 intersects county road 3/8; thence continuing in a northeasterly direction 26,400 ft, to a point (3) where county roads 5/7 and 5/8 intersect; thence following couty road 5/7 in a northwesterly direction 7,400 ft. to a point (4) in the West Virginia-Maryland state line; thence following said state line and the Morgan County line in an easterly direction 47,500 ft to a point (5) where it intersects West Virginia state route 9; thence 4,200 ft to a point (6) where Route 9 meets West Virginia Route 29; thence following West Virginia Route 29 in a southerly direction 39,600 ft to a point (7) where in intersects West Virginia Route 45; thence in a southwesterly direction 24,000 ft to a point (8) in the Gore-Bloomery magisterial district line; thence following said magisterial line in a southerly direction 50,800 ft to a point (9) being the common corner of Gore, Bloomery, Capon and Sherman magisterial districts; thence continuing from said common corner in a southwesterly direction along the Bloomery and Sherman magisterial district line 61,800 ft to a point (10) in the Hampshire and Hardy county line; thence, following said county line in a northwesterly direction approximately 48,000 ft' to a point (11) where in intersects the western boundary line of the Sherman magisterial district; thence following said magisterial district line in a northeasterly direction 34,900 ft to a point (12) where it intersects West Virginia route 10/7' thence in a northerly direction 30,400 ft to a point (13) in the Romney, West Virginia corporation line; thence following said corporation line in a northeasterly direction, 5,000 ft to the place of beginning".

And from the date of the adoption of this Order which in the 9th day of March, 1976 the said Central Hampshire Public Service District shall be, and the same is by operatio of law, a public corporation and political subdivision of this State with power of perpetual succession, and with such other powers as may be authorized by law, and it is fur ordered that Afton R. Malick, Carl McBride, and James Pyles by, and they are hereby nomi nated, constituted and appointed member of a public service board to take charge of and conduct the business of said Central Hampshire Public Service District according to the powers and authority granted such public service board by the provisions of law; and th said Afton R. Malick shall be, and he is hereby appointed to a term of six years; and t said Carl McBride shall be and he is hereby appointed to a term of four years; and the said James Pyles shall be, and he is hereby appointed to a term of two years, on said public service board; add it is further ordered that the members of said public service board as above appointed shall appear as soon as practicable hereafter before the Clerk of this Court add qualify by taking the oath of office as provided by law.

Hampshire County Court

Harry E. Riley, Jr.

President

CERTIFICATION OF RECORD

State of West Virginia,

County of Hampshire, To-wit:

I, Nancy C. Feller, Clerk of the County Court of Hampshire County, a Court of record in and for said County and state, do certify that the foregoing and annexed writing is a true copy of ORDER: CREATION OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT recorded in the Clerk's Office of the said County Court on the 9th. day of March 1976, as full and complete as the same is now of record in said office, in Fiscal & Police Book No. 10 Page 493

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court (which is my Official Seal) at my office, in said County, this 3rd. day of July 1997.

Nancy C. Feller

Clerk of County Court of Hampshire County, West Virginia

STATE OF WEST VIRGINIA }
COUNTY OF HAMPSHIRE } TO WIT:

The undersigned hereby certifies that the annexed notice was duly published in The Hampshire Review, a weekly newspaper published in said county, for 1 consecutive weeks, commencing on the 25th day of February, 1976 and posted at the front door of the Court House in Romney, West Virginia.

CORNWELL & AILES, Publishers

By [illegible]

Words 585 Cost, $23.40

Hand Bills, $.....

[illegible]

By order entered in the County Court of Hampshire County, West Virginia, on the 17th day of February, 1976, and pursuant to the provisions of Section 2, Article 13 A, Chapter 16 of the Code of West Virginia, it is proposed that a Public Service District to be known as Central Hampshire Public Service District be created in Hampshire County, West Virginia, described as follows:

"Beginning at a point (#1) where the most southeasterly corporation line of Romney, W. Va. intersects U. S. Route 50; thence, in a northeasterly direction 56,200' to a point (#2) where County Road 3 intersects County Road 3/8; thence, continuing in a northeasterly direction 26,400' to a point (#3) where County Roads 5/7 and 5/8 intersect; thence, following County Road 5/7 in a northwesterly direction 7,400' to a point (#4) in the W. Va. - Maryland State line; thence, following said State Line and the Morgan County Line in an easterly direction 47,500' to a point (#5) where it intersects W. Va. State Route 9; thence, in a westerly direction following W. Va. S. R. 9, 4,200' to a point (#6) where Route 9 meets W. Va. S. R. 29; thence, following W. Va. S. R. 29 in a southerly direction 39,600' to a point (#7) where it intersects W. Va. S. R. 45; thence, in a southwesterly direction 24,000' to a point (#8) in the Gore & Bloomery Magisterial District line; thence following said Magisterial lin in a southerly directio 50,800' to a point (#9) beim the common corner of Gore Bloomery, Capon and She man Magisterial Districts thence, continuing from sai common corner in a south westerly direction along th Bloomery and Sherman Mag isterial District lin 61,800' to a point (#10) in th Hampshire and Hardy Cour ty line; thence, following sai county line in a northweste ly direction approximate 48,000' to a point (#11) wher it intersects the wester boundary line of the She man Magisterial Dist thence, following said Mag isterial District line in northeasterly directio 34,900' to a point (#12) wher it intersects W. Va. Rou 10/7; thence, in a norther direction 30,400' to a poi (#13) in the Romney, W. V corporation line; thence, fo lowing said corporation li in a northeasterly directi 5,000' back to the place beginning."

All persons residing in owning or having any int est in property in such p posed Central Hampsh Public Service District hereby notified that on 9th day of March, 1976, 10:00 a.m., in the Co House at Romney, West ginia, a hearing will be h by the County Court Hampshire County, to termine whether said Pu service District should created, at which time place you may appear either approve or protest creation of said District, each of you will be given right to be heard rel thereto.

Nancy C. F
Clerk County C
Hampshire Co
West Vir
2-

I, Afton R. Malick, the undersigned, do hereby certify that on the 24th day of February, 1976, I posted in at least five conspicuous places within the geographic boundaries of Central Hampshire Public Service District, a public service district proposed by the County Commission of Hampshire County, West Virginia, to wit, at or near the post office at Shanks, West Virginia; at or near the C. J. Smith store in Augusta, West Virginia; at or near Heavener's Store at Slanesville, West Virginia; at or near the Mountaintop Restaurant three miles east of Romney, West Virginia, and at or near the post office in Levels, West Virginia, the following notice:

"By order entered in the County Court of Hampshire County, West Virginia on the 17th day of February, 1976, and pursuant to the provisions of Section 2, Article 13A, Chapter 16 of the Code of West Virginia, it is proposed that a Public Service District to be know as Central Hampshire Public Service District be created in Hampshire County, West Virginia, described as follows:

Beginning at a point (1) where the most southeasterly corporation line of Romney, West Virginia intersects U. S. Route 50; thence in a northeasterly direction 56,200 ft to a point (2) where County Road3 intersects County Road 3/8; thence continuing in a northeasterly direction 26,400 ft to a point (3) where County Roads 5/7 and 5/8 intersect; thence following County Road 5/7 in a northwesterly direction 7,400 ft to a point (4) in the West Virginia-Maryland state line; thence following said state line and the Morgan County line in an easterly direction 47,500 ft to a point (5) where it intersects W. Va. Route 9; thence in a westerly direction following W. Va. Route 9, 4,200 ft to a point (6) where Route 9 meets W. Va. Route No. 29; thence following Route No. 29 in a southerly direction, 39,600 ft to a point (7) where it intersects State Route No. 45; thence in a southwesterly direction 24,000 ft to a point (8) in the Gore-Bloomery magisterial district line; thence following said magisterial line in a southerly direction, 50,800 ft to a point (9), being the common corner of Gore, Bloomery, Capon and Sherman magisterial districts; thence continuing from said common corner in a southwesterly direction along the Bloomery and Sherman magisterial district line, 61,800 ft to a point (10) in the Hampshire-Hardy county line; thence followingsaid county line in a northwesterly direction, approximately 48,000 ft to a point (11) where it intersects the western boundary line of the Sherman magisterial district line; thence following said magisterial district line in a northeasterly direction, 34,900 ft to a point (12) where it intersects W. Va. Route 10/7; thence in a northerly direction 30,400 ft to a point (13) in the Romney, W. Va. corporation line; thence following said corporation line in a northeasterly direction, 5,000 ft back to the place of beginning.

All persons residing in or owning or having any interest in property in such proposed Central Hampshire Public Service District are hereby notifiedthat on the 9th day of March, 1976, at 10:00 A. M., in the Court House in Romney, West Virginia, a hearing will be held by the County Court of Hampshire County, to determine whether said Public Service District should be

created, at which time and place you may appear to either approve or protest the creation of said District, and each of you will be given the right to be heard relative thereto."

Witness my signature this 22nd day of March, 1976.

Afton R. Malick
Chairman, Central Hampshire
Public Service District.

CERTIFICATION OF RECORD

State of West Virginia,

County of Hampshire, To-wit:

I, SHARON H. LINK, Clerk of the County Court of Hampshire County, a Court of record in and for said County and state, do certify that the foregoing and annexed writing is a true copy of ORDER: CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT recorded in the Clerk's Office of the said County Court on the 6th day of February, 19XX2001 as full and complete as the same is now of record in said office, in Fiscal and Police Book No. 25, Page 357

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court (which is my Official Seal) at my office, in said County, this 10th day of April, 2001.

Sharon H. Link

Clerk of County Court of Hampshire County, West Virginia

ORDER

357

Be it resolved and ordered that pursuant to the provisions of Section 2, Article 13A, chapter 16 of the Code of West Virginia, as amended, it is hereby proposed that the Central Hampshire Public Service District be enlarged to include that part or portion of Springfield District of the County of Hampshire, State of West Virginia, known as Route 28 north, and which is more particularly described by the hereby amended metes and bounds as follows:

> This description is for the section or portion of Hampshire County being added to the service area of the Central Hampshire Public Service District. The Central Hampshire Public Service District was originally created by order of the Hampshire County Commission in February 1976. Said order recorded in the Police Fiscal record at Page 484 in Book 10. This section lying northwest of the current Central Hampshire Public Service District area and more particularly described as; "Beginning at a point [1] at the intersection of the southeasterly corporation line of Romney, West Virginia, and U.S. Rt. 50; thence in a northeasterly 56,200 foot to a point [2] where County Route 3 intersects County Route 3/8; thence continuing in a northeasterly direction 26,400 feet to a point [3] where County Route 5/7 and 5/8 intersect; thence following County Route 5/7 in a northwesterly direction 7,400 feet to a point [4] in the West Virginia-Maryland State line thence leaving the said County Route 5/7 and following the Potomac River northwest to a point [5] in the mouth of the South Branch; thence following the low water mark of the west side of the South Branch of the Potomac in a southerly direction to a point [6] where the mouth of Town Run empties into the South Branch north of Romney; thence in a southeasterly direction following said Town Run to its intersection with the South Branch Valley Railroad near the cold storage this being a point in the northwestern boundary of the City of Romney corporate limits; thence following said corporate limits northeasterly and continuing to the point of beginning at its intersection with U.S. Rt. 50 east of Romney.

It is further ordered that the 23 th day of Mar , 2001, at 7 p.m. at the Hampshire County Commission located in the Hampshire County Court House in Romney, West Virginia, shall be and the same is hereby fixed as the time and place for a hearing wherein any interested citizen who lives within the proposed amended Central

Hampshire Public Service District or who owns property or who has an interest within said current District or the area to be added, mainly Route 28 North from the city limits to the Blue Beach Bridge and to the east of the South Branch to its mouth on the Potomac River, may appear and each will be given an opportunity to be heard for and against the Central Hampshire Public Service District expansion.

Garry Shanholtz, President
Hampshire County Commission

A true copy teste:

Sharon H. Link, Clerk
Hampshire County Commission

CERTIFICATION OF RECORD

State of West Virginia,

County of Hampshire, To-wit:

I, SHARON H. LINK, Clerk of the County Court of Hampshire County, a Court of record in and for said County and state, do certify that the foregoing and annexed writing is a true copy of PUBLIC SERVICE DISTRICT PUBLIC HEARING recorded in the Clerk's Office of the said County Court on the 23rd day of March ~~19~~ 2001 as full and complete as the same is now of record in said office, in Fiscal and Police Book No. 25 Page not yet assigned

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court (which is my Official Seal) at my office, in said County, this 10th day of April, 2001.

Sharon H. Link

Clerk of County Court of Hampshire County, West Virginia

RE: PUBLIC SERVICE DISTRICT

E. Garry Shanholtz stated they are going to have the hearing of the Public Service District concerning the Route 28 water extension. The hearing started at 7:25 P.M. Present were Scott Shoemaker, Teddy Smith, Donald Judy and Brian Judy, Commissioners Shanholtz, Bradfield, Shoemaker and County Clerk Sharon Link. Teddy Smith stated they need to extend the service area on Route 28 to do the line extension. He advised the old Route 28 system was not included in their territory. It will start at Route 50 and follows town creek down around the City Limits property until it meets the South Branch River and follows all the way to the mouth where it empties into the Potomac River. Leslie Shoemaker, Jr. made a motion to accept this proposal. O. Grady Bradfield seconded the motion. Motion passed. All voted yes.

010647alj091201.wpd

PUBLIC SERVICE COMMISSION

OF WEST VIRGINIA

CHARLESTON

Entered: September 12, 2001

CASE NO. 01-0647-PSWD-PC

HAMPSHIRE COUNTY COMMISSION
Petition for consent and approval to enlarge the boundaries of Central Hampshire Public Service District.

RECOMMENDED DECISION

On May 14, 2001, the Hampshire County Commission filed a petition for consent and approval to enlarge the boundaries of Central Hampshire Public Service District, pursuant to West Virginia Code §16-13A-2. The County Commission's petition addresses only water service.

By Order dated June 25, 2001, this matter was referred to the Division of Administrative Law for a decision to be rendered on or before December 10, 2001.

On June 8, 2001, Staff Attorney Caryn Watson Short filed an Initial and Final Joint Staff Memorandum to which was attached the Initial and Final Internal Memorandum prepared by Ms. Karen L. Buckley, Utilities Analyst, Water and Wastewater Division, and Mr. Christopher B. Farrish, Engineering Technician, Engineering Division. Staff noted that, on May 29, 2001, the Hampshire County Commission filed information in response to a Staff request for further information in this proceeding. However, since the case number was not on the information that the Hampshire County Commission filed, the Executive Secretary's Office treated the information as a new case and assigned it Case No. 01-0711-PSWD-PC. Staff recommended that the proceeding designated as Case No. 01-0711-PSWD-PC be dismissed and the information filed therein placed in the file for Case No. 01-0647-PSWD-PC.

By Commission Order dated June 8, 2001, it was ordered that the documents filed on May 29, 2001, in this proceeding be placed in Case No. 01-0647-PSWD-PC, Hampshire County Commission. Said order also dismissed, and removed from the Commission's docket of open cases, Case No. 01-0711-PSWD-PC.

On July 18, 2001, Staff Attorney Caryn Watson Short filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Ms. Karen L. Buckley, Utilities Analyst, Water and Wastewater Division, and Christopher B. Farrish, Engineering Technician, Engineering Division. Staff explained that the Hampshire County Commission determined it necessary, feasible and proper to enlarge the boundaries of Central Hampshire Public Service District and that it will

be conducive to the preservation of public health, comfort and convenience of the area. The proposed consolidation will not infringe upon any other water utility. The application included the affidavits of

publication. Although the County Commission had not provided evidence that posting was done, Staff believed the Hampshire County Commission had substantially complied with West Virginia Code §16-13A-2 and recommended that a hearing be set for this case in Hampshire County. Staff will support approval of the boundary expansion.

On July 19, 2001, Staff Attorney Short filed a Further Final Joint Staff Memorandum indicating that the Hampshire County Commission had provided evidence that posting had been done.

By Order dated July 27, 2001, this matter was set for a hearing to be held in Hampshire County in accordance with the provisions of West Virginia Code §16-13A-2 on August 21, 2001. Said Order also provided that the Hampshire County Commission publish a notice of hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hampshire County. The proper affidavit of publication was to be submitted to the Commission at the hearing.

Mr. David W. Pancake, Executive Director of the Hampshire County Development Authority, appeared on behalf of the Hampshire County Commission and provided the proper affidavit of publication reflecting that publication had been made of the notice of hearing in accordance with the Commission's requirements. (Tr., p. 5).

Commission Staff was represented by Staff Attorney Cassius H. Toon. No one appeared in protest to the Hampshire County Commission's petition.

Since no one appeared in protest to the petition of the Hampshire County Commission, the matter was submitted for a decision as an unprotested case.

FINDINGS OF FACT

1. On May 14, 2001, the Hampshire County Commission filed a petition for consent and approval to enlarge the boundaries of Central Hampshire Public Service District, pursuant to West Virginia Code §16- 13A-2. The County Commission's petition addresses only water service. (See petition filed May 14, 2001).

2. On July 18, 2001, Staff Attorney Caryn Watson Short recommended that a hearing be held in this matter in accordance with the provisions of West Virginia Code §16-13A-2 in Hampshire County. (See, Final Joint Staff Memorandum filed July 18, 2001).

3. On July 19, 2001, Staff Attorney Short filed a Further Final Joint Staff Memorandum in which she advised that Staff had filed a Final Joint Staff Memorandum in this case on July 18, 2001, recommending approval of the boundary enlargement. (See Further Final Joint Staff Memorandum filed July 19, 2001).

4. By Order dated July 27, 2001, this matter was set for a hearing to be held in Hampshire County on August 21, 2001. Said Order also provided that the Hampshire County Commission publish a notice of hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Hampshire County. (See Order dated July 27, 2001).

5. The hearing was held as scheduled on August 21, 2001, and a proper affidavit of publication was submitted by the Hampshire County Commission indicating that the notice of hearing had been published in accordance with the Commission's requirements. No one appeared at the hearing in protest to the petition. (See, Tr., pp. 4, 5).

CONCLUSION OF LAW

Since the Hampshire County Commission gave notice of the hearing to be held in this matter on August 21, 2001, in accordance with the Commission's requirements and no one appeared in protest to the petition, it is reasonable to approve the order of the Hampshire County Commission, dated March 23, 2001, and filed on May 14, 2001, enlarging the boundaries of the Central Hampshire Public Service District, pursuant to West Virginia Code §16-13A-2.

ORDER

IT IS, THEREFORE, ORDERED that the March 23, 2001 Order of the Hampshire County Commission enlarging the boundaries of the Central Hampshire Public Service District, be, and the same hereby is, approved.

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.

Robert W. Glass
Administrative Law Judge

RWG:mal
010647aa.wpd

CERTIFICATION OF RECORD

State of West Virginia,

County of Hampshire, To-wit:

I, Sharon H. Link, Clerk of the County Court of Hampshire County, a Court of record in and for said County and State, do certify that the foregoing and annexed writing is a true copy of Minutes of meeting dated June 18, 2003 recorded in the Clerk's Office of the said County Court on the 18th day of June XX2003 as full and complete as the same is now of record in said office, in Fiscal & Police Record Book No. 28 Page 657

IN WITNESS WHEREOF, I have hereto set my hand and the seal of said Court (which is my Official Seal) at my office, in said County, this 2nd day of March, 2005.

Sharon H. Link

Clerk of County Court of Hampshire County, West Virginia

Meeting date 6/18/03 BOOK 28 PAGE 657

County Clerk Sharon Link advised the Commission the term of office for member Courtney Whetzel, Green Spring Valley Public Service District and Brian J. Judy, Central Hampshire Public Service District, would expire June 30, 2003. Commissioner Shoemaker made a motion to re-appoint Courtney Whetzel and Brian Judy to their respective districts, President Bradfield seconded the motion.

Invoices were submitted for approval.

Commissioner Shoemaker made a motion to adjourn, President Bradfield seconded the motion.

At a meeting of the Hampshire County Commission held on Wednesday, June 22, 2005, at 9:00 a.m. in the conference room of the Hampshire County Courthouse. Leslie J. Shoemaker, Jr., President and Steve Slonaker, Commissioner were present. Donald P. Cookman, Commissioner, was absent.

The minutes of June 8, 2005 were presented. A correction on the date of the park and recreation meeting needed to be changed to June 24, 2005 and in the President's report, President Shoemaker had spoke with Kenneth Voit's sons, Douglas and Christopher Voit, not Kenneth Voit. Commissioner Slonaker made a motion to accept the minutes of June 8, 2005 with corrections, President Shoemaker seconded the motion. Motion carried.

President Shoemaker, in the vacation of the Commission, attended the health department meeting, spoke with Senator Helmick about county projects, met with officials from Hampshire Memorial Hospital, Hampshire County Development Authority and wellness center committee, met with Ken Hopkins, in regard to an interview for appointment to the Hampshire County Planning Commission board, and met with Park and Recreation Director Bruce Nicholson about the park in Capon Bridge. Slanesville Park and Health notified President Shoemaker a sign would be placed at the Slanesville Park to recognize the donation made by the Hampshire County Commission.

Commissioner Slonaker attended the Capon Bridge park meeting, presented information on recycling and information regarding bonding for road construction in subdivisions.

County Clerk Sharon Link presented in-house budget revisions. Commissioner Slonaker made a motion to approve the in-house budget revisions, President Shoemaker seconded the motion. Motion carried.

Assessor Frank Whitacre presented consolidations and exonerations. Commissioner Slonaker made a motion to approve the consolidations and exonerations, President Shoemaker seconded the motion. Motion carried.

Mapping/Addressing Coordinator Jennifer Swisher presented road names for approval. Commissioner Slonaker made a motion to approve the road names, President Shoemaker seconded the motion. Motion carried. Ms. Swisher advised that James Bailey and a representative of Blue Meadows Subdivision would be attending the July 26 County Commission meeting.

E-911 Coordinator Brian Boley discussed the issues with the Public Service Commission concerning database management with Frontier. President Shoemaker requested Mr. Boley to check on the legal arrangement with the State E-911 operators pay raises.

OES Michael Crouse advised the Commission on the Springfield-Green Spring water situation. The County Commission advised Mr. Crouse the County Commission would cover the cost of any emergency water supply needed. Mr. Crouse gave an update on the document digital grant. Mr. Crouse advised that Hampshire County was awarded the surplus generator and he will travel to Charleston, West Virginia to pick it up. Mr. Crouse requested to change the name of Emergency Services to Emergency Management. Commissioner Slonaker made a motion to approve the name change request, President

Green Spring resident Clinton Hott discussed the Springfield-Green Spring water situation and maintenance system.

David Paugh and Maintenance Mark Stickley discussed the Mul-T-lock security system for the courthouse complex. Commissioner Slonaker made a motion to install the new security lock system in the annex building with the ADA lever higher grade Mul-T-lock system, President Shoemaker seconded the motion. Motion carried.

Maintenance Mark Stickley and Hampshire County Health Department Administration Terry Mayhew discussed the maintenance position for the health department and courthouse complex. Mr. Mayhew will prepare an advertisement for this position. Mr. Mayhew advised there were two (2) open positions on the Health Department Board. The Commission will make these appointments at a later time.

Compliance Officer Charles Baker presented building permits for President Shoemaker to sign. Mr. Baker had spoke with Developer Hunter Wilson and Park and Recreation Director Bruce Nicholson concerning a walking trail. Mr. Nicholson will contact Commercial Services Insurance Agent David Stacy concerning the liability of a walking trail in a development. Mr. Baker requested permission to attend the FEMA training class in Emmitsburg, MD. Commissioner Slonaker made a motion to approve the training, President Shoemaker seconded the motion. Motion carried. Commissioner Slonaker presented information concerning bonding to Mr. Baker. Mr. Baker presented a letter received from WV NFIP Coordinator Robert Perry concerning pavilions in floodways, presented a list of projects programmed for improvements on Route 50 according to the WV Division of Highways and advised of the meeting on July 19 in Washington, DC with Congresswowan Capito and Senator Rockefeller's staff, presented a list of building permits issued in May, 2005, presented information for firearm shooting ranges and a certificate advising the Planning Commission are members of the International Code council.

Circuit Clerk Sonja Embrey advised her employee, Lorraine Flanagan-Saville will be leaving her employment on June 24 and requested permission to advertise for the vacancy. The Commission advised Mrs. Embrey to contact Ms. Suder concerning previous applications and advertising.

County Clerk Sharon Link presented a resolution for the PRO program. Commissioner Slonaker made a motion to approve the resolution, President Shoemaker seconded the motion. Motion carried

County Clerk Sharon Link presented a franchise agreement with Comcast. The Commission tabled their decision until they could meet with a Comcast representative.

Commissioner Slonaker made a motion to go into executive session to interview a potential Planning Commission member, President Shoemaker seconded the motion. Motion carried. Upon reconvening, the Commission stated Ken Hopkins was interviewed as a potential Hampshire County Planning Commission board member with no decision made.

Sheriff Nathan Sions presented a home confinement and activity report for the month of May, 2005. Mr. Sions requested the Commission set the starting salary for courthouse employees at $18,000.00 a year. Sheriff Sions advised the deputy reserves are

Shoemaker seconded the motion. Motion carried. Mr. Crouse presented the new County Emergency Operations plan. Mr. Crouse advised that the NIMS Compliance Plan will be ready soon and a date for the workshop needs to be set. Mr. Crouse stated his concerns for the employee's handbook. Mr. Crouse advised a stipulation of employee overtime policy, due to disaster situations and a cell phone policy while driving should be included in the employee handbook.

West Virginia University Extension Human Resources Kim Suder discussed a county employee handbook and its advantages. Ms. Suder will meet with all county office officials and employees. Ms. Suder suggested training programs on sexual harassment and safety be conducted. Commissioner Slonaker made a motion to approve Ms. Suder working on a personnel policy for county employees, President Shoemaker seconded the motion. Motion carried.

Hampshire Heritage Days Interim Chairman Janet Harlow requested funding for Hampshire County Heritage Days. The County Commission stated Commissioner Cookman had detailed ideas for the use of the funds set aside for Heritage Days. The Commission will contact Mrs. Harlow after discussing the matter with Commissioner Cookman. The Commission approved the use of the bathrooms and the corridor of the courthouse for Hampshire County Heritage Days.

Hampshire Memorial Hospital Administrator Robbie McCauley presented a proposal for funds needed for the installation of air conditioning in the laundry room and kitchen at Hampshire Memorial Hospital. Commissioner Slonaker made a motion to approve the request and pay invoices from the Hospital Fund, President Shoemaker seconded the motion. Motion carried.

Delray resident Edward Hersom advised a petition was being circulated in the North River Bend Subdivision concerning an ATV subdivision ordinance for that subdivision. The County Commission advised Mr. Hersom that no petition had been presented to them and advised Mr. Hersom of the public hearing on an ATV ordinance to be held on Thursday, July 28, 2005

Augusta Ruritan Club member Robert Hott discussed the deeding of the Augusta Fairground property owned by the Hampshire County Commission to the Hampshire County Building Commission in order to secure a loan for the construction and upgrading of fairground buildings. After discussion, Commissioner Slonaker made a motion to make a contribution to the Augusta Ruritan Club, Inc from the Rainy Day fund in the amount of $50,000.00 with the Ruritan Club reimbursing the county on a payment plan per review of the Prosecuting Attorney, President Shoemaker seconded the motion. Motion carried.

Animal Control Officer Colonel Gee requested an executive session to discuss personnel. Commissioner Slonaker made a motion to go into executive session under WV Code Exception 6-9A-4, President Slonaker seconded the motion. Motion carried. Upon reconvening, President Shoemaker stated issues of personnel were discussed. Commissioner Slonaker made a motion to authorize the advertising of the position for a part-time senior animal control deputy for a period of two (2) weeks, President Shoemaker seconded the motion. Motion carried.

covered under the worker's compensation plan since they are volunteers. Sheriff Sions requested a soda machine set up outside the Sheriff's Department and the proceeds go to the K-9 fund. The Commission approved the request. Sheriff Sions advised the Treasurer's office is working toward the set up to pay taxes by credit card. Sheriff Sions requested an additional position for a secretary in the Sheriff-Law department and could be a part-time employee in the OES department. The Commission will table their decision until the next meeting.

Commissioner Slonaker made a motion to go into executive session to interview a potential Planning Commission member, President Shoemaker seconded the motion. Motion carried. Upon reconvening, President Shoemaker stated Walter Davis and Lewis Spangler were interviewed as potential Hampshire County Planning Commission members with no decision made.

Park and Recreation Director Bruce Nicholson gave an update on park activities and discussed a park at Capon Bridge.

Hampshire County Health Department Administration Terry Mayhew advised of the two (2) member's vacancy on the Health Department board. President Shoemaker temporarily resigned as President to make the Health Department Board appointments. Commissioner Shoemaker made a motion to appoint County Commissioner Steve Slonaker and Gavin Heare as members of the Hampshire County Health Department board, Commissioner Slonaker stated if Commissioner Cookman would relieve him of one of his other board appointments, seconded the motion. Motion carried.

County Clerk Sharon Link requested a pay increase for poll workers for the next election which would be the Primary Election, 2006. The Commission tabled their decision until a later date.

County Clerk Sharon Link presented invoices for approval. Commissioner Slonaker made a motion to approve the invoices, President Shoemaker seconded the motion. Motion carried.

A letter of resignation was received from Deborah Omps, member of the Hampshire County Health Department. Commissioner Slonaker made a motion to accept the resignation of Deborah Omps and to send a letter of appreciation for her service, President Shoemaker seconded the motion. Motion carried.

The County Commission proceeded to appoint the following members to their respective boards: Hampshire County Development Authority – Ben Elkins, Hoy Shingleton, Fred Berkeridge and Bob Cheves. Hampshire County Planning Commission – Lewis Spangler and Ken Hopkins. Hampshire County Building Commission – Walter Davis. Central Hampshire Public Service District – Richard Wood. Hampshire County Development Authority – Thomas Campbell, to fill the unexpired term of Marlin Biggs. Commissioner Slonaker made a motion to approve all of the above appointments, President Shoemaker seconded the motion. Motion carried. Park and Recreation and Green Spring Public Service District appointment of members needs more consideration and was tabled until the next meeting.

Commissioner Slonaker made a motion to adjourn, President Shoemaker seconded the motion. Motion carried.

A meeting of the Hampshire County Commission held on Friday, January 20, 2006 at 9:00 a.m. in the conference room of the Hampshire County Courthouse. Leslie J. Shoemaker, Jr., President and Donald P. Cookman and Steve W. Slonaker, Commissioners were present.

The minutes of January 3, 2006 were presented. Commissioner Slonaker made a motion to approve the minutes as presented, Commissioner Cookman seconded the motion. Motion carried.

President Shoemaker, in the vacation of the Commission, met with Nancy Ailes to sign documents for funding under the Transportation Enhancement program, met with Senator Walter Helmick and Delegate Clark Barnes concerning funds for the Springfield Fire Sub-station, High View Senior Center and Romney Fire Company, discussed legislative issues with County Commission Association representative Vivian Parsons, discussed the re-routing of Romney sewer with Dave Vannscoy and Thrasher Engineering in Charleston, spoke with Mineral County Commissioner Wayne Spiggle concerning the letter received by the County Commission reference the Route 50 Association meeting held in Keyser.

Commissioner Slonaker and Commissioner Cookman attended the employee personnel policy meeting. Commissioner Slonaker attended the Hampshire County Board of Health meeting in Augusta and the Region 8 meeting in Petersburg.

County Clerk Sharon Link advised that additional dates were needed for the Board of Review and Equalization hearings. The Commission scheduled February 4 and February 17 as additional days. President Shoemaker recommended the County Commission appoint an appraisal assessment advisory board to help at the Board of Review and Equalization hearings. The County Commission will hold a meeting on January 30, 2006 at 8:00 a.m. to discuss this issue.

OEM Director Michael Crouse praised the maintenance employees for the great job in remodeling his office. Mr. Crouse attended a meeting in Charleston concerning educating the public on a flu pandemic. Mr. Crouse received a quote for the installation of the generator cover. Commissioner Cookman made a motion to approve the purchase of the generator cover, Commissioner Slonaker seconded the motion. Motion carried. Mr. Crouse advised the County Red Cross Chapter has not received status yet because the national President has resigned. Mr. Crouse advised a vehicle has been donated to the County Red Cross. The vehicle will be titled to the Hampshire County Commission and Mr. Crouse will check on the insurance coverage.

E-911 Director Brian Boley advised he was not happy with the yearly maintenance proposals on the CAD contract and will continue negotiations with InterAct. Mr. Boley advised the pay increase for the E-911 operators has been forwarded by West Virginia State Police Office to the Governor's office for approval.

Compliance Officer Charles Baker presented building permits for President Shoemaker to sign. Mr. Baker presented a list of building permits issued and revenues collected in December and to this date in January. Mr. Baker presented the building code ordinance for the County Commissioner's signatures. Mr. Baker discussed bonding that

was brought before the Planning Commission. Mr. Baker advised Rickie Davy will be coming before the County Commission to discuss bonding for conventional subdivisions.

Evelyn Baker presented information assessing the needed repairs for Route 50. Commissioner Cookman made a motion to designate Evelyn Baker, when the County Commission could not attend the Route 50 Association meetings, to representative them and continue gathering information at the Route 50 Association meeting and bring back material for them, Commissioner Slonaker seconded the motion. Motion carried.

Assessor Frank Whitacre presented exonerations and consolidations. Commissioner Slonaker made a motion to approve the exonerations and consolidations, Commissioner Cookman seconded the motion. Motion carried.

Park and Recreation Director Bruce Nicholson gave an update on park activities. Mr. Nicholson advised he has applied for four (4) grants. Mr. Nicholson advised he has requested office space at Taggart Hall. Mr. Nicholson advised he will give the key for the zero-turn lawn mower to maintenance department and ask that the maintenance department cut the outfield part of the Old Romney Middle School ball field. The County Commission discussed the plowing of snow at the parks and advised to have maintenance department do the plowing. The County Commission will discuss this issue with maintenance.

Hampshire County Development Authority secretary Eva Ansel introduced Thomas D. Jones as the new Hampshire County Development Authority Executive Director and wife, Alanna.

The County Commission recessed to attend the county infrastructure meeting.

Commissioner Cookman had to leave the meeting.

Patrick Zajac presented information concerning a public nuisance ordinance which has been adopted in Berkeley County, West Virginia and requested the County Commission adopt a public nuisance ordinance for Hampshire County. The County Commission advised any ordinance of this type would involve the Animal Control Officer. The County Commission will ask the Animal Control to meet with them at their next meeting to discuss this issue.

Sheriff Nathan Sions presented a bid for a computer system in the Sheriff-Treasurer office. The only bid received was from Complete Systems Support Inc (CSSI). Commissioner Slonaker made a motion to accept the bid from CSSI to be paid from the County Commission's budget, President Shoemaker seconded the motion. Motion carried. Sheriff Sions requested to have outstanding checks from the Board of Health fund cancelled. Commissioner Slonaker made a motion to approve the order to have the checks cancelled, President Shoemaker seconded the motion. Motion carried. Sheriff Sions requested permission to do a wire transfer from the General School Fund at the First National Bank of Romney to the General County Fund at the Bank of Romney. Commissioner Slonaker made a motion to approve the transfer, President Slonaker seconded the motion. Motion carried. Sheriff Sions advised John Alkire and Norman Launi have taken the civil service test and the scores result for Sergeant and Corporal had been received, with both passing the test. Sheriff Sions requested permission to advance

John Alkire to the position of Sergeant and Norman Launi to the position of Corporal. Commissioner Slonaker made a motion to accept the appointment of Sergeant John Alkire and Corporal Launi to the respective positions, President Shoemaker seconded the motion. Motion carried.

Under West Virginia Code Chapter 7, article 1, section 3dd, authorizing the County Commission to establish a wage and review board, Commissioner Slonaker made a motion to appoint Sergeant John Alkire, Peggy Largent; County Commissioner Donald P. Cookman and elected officials as provided for under WV Code 7-1-3dd to the wage and review board, President Shoemaker seconded the motion. Motion carried.

Magistrate Eugene Billmeyer requested permission to purchase two (2) pagers for both magistrates. The County Commission approved this purchase.

Commissioner Steve Slonaker made a motion to appoint Robert Mayhew as a member of the Central Hampshire Public Service District, President Shoemaker seconded the motion. Motion carried.

Attorney H. Charles Carl, III presented a petition for a minor boundary adjustment for the Town of Capon Bridge. Commission Slonaker made a motion to approve the petition for a minor boundary adjustment having met all threshold requirements and permission to proceed with the advertising, President Shoemaker seconded the motion. Motion carried.

County Clerk Sharon Link presented an oath of office for Keith Lambert as a member of the Hampshire County Sheriff Deputy Reserves. Commissioner Slonaker made a motion to approve the oath of office, President Shoemaker seconded the motion. Motion carried.

County Clerk Sharon Link presented grant drawdown for Capon Springs Fire Company and Capon Springs Fire and Rescue. Commissioner Slonaker made a motion to approve the grant draw downs, President Shoemaker seconded the motion. Motion carried.

County Clerk Sharon Link requested that the election poll workers pay be increased. Commissioner Slonaker made a motion to increase the salary of election poll workers to $125.00 for election day, $25.00 for training and increase the mileage to $.40.5 per mile, President Shoemaker seconded the motion. Motion carried.

County Clerk Sharon Link presented invoices for a drawdown on the Green Spring Water grant. Commissioner Slonaker made a motion to approve the invoices, President Shoemaker seconded the motion. Motion carried.

County Clerk Sharon Link presented official budget revision #4 and #5 for the General County Fund. Commissioner Slonaker made a motion to approve the official budget revision, President Shoemaker seconded the motion. Motion carried.

County Clerk Sharon Link presented in-house budget revisions for the Assessor and Sheriff-Law. Commissioner Slonaker made a motion to approve the in-house budget revisions, President Shoemaker seconded the motion. Motion carried.

Invoices were presented for approval. Commissioner Slonaker made a motion to approve the invoices, President Shoemaker seconded the motion. Motion carried.

County Clerk Sharon Link requested a transfer of funds from the County Commission budget to Emergency Services budget for the balance of the generator switch. Commissioner Slonaker made a motion to transfer the funds, President Shoemaker seconded the motion. Motion carried.

The County Commission advised they discussed at the infrastructure meeting to allocate $5000.00 to cover the cost of aerial photography and mapping for the proposed sewer line connector. Commissioner Slonaker made a motion to approve the funds up to $5000.00, President Shoemaker seconded the motion. Motion carried.

Commissioner Slonaker made a motion to adjourn, President Shoemaker seconded the motion. Motion carried.

OATH OF OFFICE AND CERTIFICATE

STATE OF WEST VIRGINIA, BOOK 3 PAGE 623

COUNTY OF ...HAMPSHIRE.....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 MEMBER OF THE CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD.

(Signature of affiant) Brian J. Judy

Subscribed and sworn to before me, in said County and State, this ...23rd... day of ...June... ...2009.

Sharon H. Link
Sharon H. Link, County Commission
Hampshire County Commission

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 6/24/09 1:55pm

The foregoing instrument, together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste Sharon H. Link Clerk.

OATH OF OFFICE AND CERTIFICATE

BOOK 3 PAGE 457

STATE OF WEST VIRGINIA,

COUNTY OF .....HAMPSHIRE.....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 .....MEMBER CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT..... to the best of my skill and judgment SO HELP ME GOD.

(Signature of affiant)...Richard Wood...

Subscribed and sworn to before me, in said County and State, this....28th....day of.....

....June.....1~~9~~x 2005.

Sharon H. Link.....
County Clerk

.....

SHARON H LINK
HAMPSHIRE County 10:14:39 AM
Instrument No 74263
Recorded Date 07/14/2005
Document Type OATH
Book-Page 3-457

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 7/14/05 10:14 A.M.

The foregoing Instrument, together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste Sharon H. Link Clerk.

Carte & Harris, Inc., Spencer, WV Re-Order No.16801-05 cvr

OATH OF OFFICE AND CERTIFICATE

BOOK 3 PAGE 488

STATE OF WEST VIRGINIA,

COUNTY OF ..HAMPSHIRE.....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 .....Central Hampshire Public Service District.....

to the best of my skill and judgment SO HELP ME GOD.

(Signature of affiant) .....

Robert E. Mayhew

Subscribed and sworn to before me, in said County and State, this....7th....day of...February, 2006

.....19.....

Sharon H. Link.....

Sharon H. Link, County Clerk

.....

SHARON H LINK
HAMPSHIRE County 01:22:47 PM
Instrument No 81733
Recorded Date 02/17/2006
Document Type OATH
Book-Page 3-488

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 2/17/06 1:22pm.

The foregoing Instrument, together with the certificate of its acknowledgment, was this day presented in said office and admitted to record.

Teste Sharon H. Link Clerk.

Carvo & Harris Inc., Spencer, WV Re-Order No.16801-05 cyr

RULES OF PROCEDURE

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at Route 50, East, Romney, Hampshire County, West Virginia.

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

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

ARTICLE II

PURPOSE

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

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Hampshire 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 first Tuesday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Hampshire County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Hampshire 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 may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 8th day of March, 2005.

CARL, KEATON & FRAZER, PLLC

ATTORNEYS AT LAW
56 E. MAIN STREET
ROMNEY, WEST VIRGINIA 26757

H. CHARLES CARL, III
WILLIAM C. KEATON
JULIE A. FRAZER
WILLIAM H. ANSEL, JR. (1914-1988)

(304) 822-4787
(304) 822-3028
FAX (304) 822-7871

March 1, 2009

Sandra Squire
Public Service Commission
201 Brooks Street, P.O. Box 812
Charleston, WV 25323

Re: Case No. 08-2077-~~PDS~~PSD-CN
Central Hampshire Public Service District
Application for a Certificate of Convenience
and Necessity to construct a sewage collection and treatment system.

Dear Ms. Squire:

Enclosed please find an original and twelve (12) copies of a Publisher's Affidavit of Publication from the Hampshire Review certifying that the attached Notice of Filing was published in our general circulation paper in Hampshire County, West Virginia as ordered by the Public Service Commission. Please file this in our case file, and your cooperation is always greatly appreciated.

Very truly yours,

H. Charles Carl, III
Counsel for Central Hampshire PSD
WV State Bar ID #4844

\\Ckfserver\share$\Charlie\Central Hampshire PSD\Squire.Sandra.CHPSD.Cert.Con.Nec.Filing.3.2.09.hcc.wpd

RECEIVED
2009 MAR 2 AM 11 21
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

STATE OF WEST VIRGINIA
COUNTY OF HAMPSHIRE,
TO WIT:

The undersigned hereby certifies that the annexed notice was duly published in the HAMPSHIRE REVIEW, a weekly newspaper published in said county, for 1 consecutive weeks, commencing on the 17 day of December 20 08.

CORNWELL & AILES, INC.
PUBLISHERS

By Patricia Lee Graves

Words 1,898 Cost $235.04

STATE OF WEST VIRGINIA
County of Hampshire, to wit:

I hereby certify that the said Patricia Lee Graves did prepare and sign in my presence this Certificate of Publication on this the 17 day of December 20 08.

My commission expires March 19, 2017.

Jennifer L. See

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JENNIFER L. SEE
HAMPSHIRE REVIEW
P. O. BOX 1056
ROMNEY, WV 26757
My commission expires March 19, 2017

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 15th day of December 2008.

CASE NO. 082077PSDCN

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
a public utility.

Application for a Certificate of Convenience and Necessity to construct certain improvements to its existing sanitary sewer collection system, installation of equipment to deliver flows to the City of Romney for treatment, and to provide sewer service to two new customers, and to provide additional capacity to enable the utility to have the current moratorium on new customers, imposed by the West Virginia Department of Environmental Protection, lifted so as to provide service to future customers.

NOTICE OF FILING

On December 15, 2008, Central Hampshire Public Service District, ("District" filed an application, duly verified, for a Certificate to construct certain improvements to its sanitary sewer system and installation of equipment to deliver flows to the City of Romney for treatment, to provide service to two new customers and to provide additional capacity to enable the utility to have the current moratorium on new customers, imposed by the West Virginia Department of Environmental Protection, lifted so as to provide service to future customers, all in the Central Hampshire Public Service District service area of Hampshire County West Virginia. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia

The Central Hampshire Public Service District estimates that construction will cost approximately $2,470,000.00. It is proposed that the construction project will be financed as follows: A $500,000.00 grant from the Hampshire County Commission, and Loan through the West Virginia Infrastructure Jobs and Development Council in the amount of $1,970,000.00, at an interest rate of 0% for a term of 38 years.

The District anticipates charging the following rates for its customers:

APPLICABILITY
Applicable in entire territory served

AVAILABILITY OF SERVICE
Available for general domestic, commercial and industrial service

RATES
$11.46 per 1,000 gallons

MINIMUM BILL
No bill shall be rendered for less than $22.92 per month for two thousand gallons or less usage.

FLAT RATE CHARGE (Customers with nonmetered water supply)
Equivalent to 4,500 gallons of water usage per month, $51.57 per month

DELAYED PAYMENT PENALTY
The above tariff is net. On all current usage billings not paid within twenty days, ten percent will be added to the net current amount unpaid. The delayed payment penalty is not interest and is to be collected once for each bill where it is appropriate.

TAP FEE
The following charges are to be made whenever the utility installs a new tap to serve an applicant:
A tap fee of $1,000.00 will be charged to customers applying for service outside of a certificate proceeding before the Commission for each new tap to the system.

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

LEAK ADJUSTMENT
$1.77 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributable to eligible water leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SURCHARGE FOR ABOVE STRENGTH DISCHARGES
Customer discharges exceeding domestic strength will be subject to pretreatment requirements as established by the West Virginia Department of Environmental Protection and require a specific contractual service agreement with the

CAPACITY IMPROVEMENT FEE

The capacity improvement fee shall be $2,300 for each residential connection. Connections for non-residential use shall be paid in accordance with a residential usage equivalent schedule set forth below. The funds collected from the capacity improvement fee shall be maintained in a separate fund administered by the District and shall be used only for the purpose of improving the treatment facilities and capacity related improvements of the District. The usage equivalent for other than single family residential units for the capacity improvement fee shall be based upon the following:

On and after a certain date, Developers and those seeking a new sewer connection shall pay to the District a capacity improvement fee for connections made to the sewer system of an unserved structure or facility which will have it's wastewater flows treated by the District. The capacity improvement fees are due as of the date of the issuance of the final sewer availability letter issued by the District.

The following property owners are exempt from the payment of the Capacity Improvement Fee — owners of existing or new (being constructed) single-family structures, where the person applying for service will be the customer of record, and the proposed service location is not part of a larger land tract under development, or a subdivided portion of a larger tract that was previously subdivided for commercial or residential development, for profit.

The proposed rates and charges will not become effective until authorized and approved by the Public Service Commission.

The proposed rates and charges will increase the average bill by $4.24 per 4,000 gallons, an increase of 10.2%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, 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 W.Va. Code §24-2-11, IT IS ORDERED that the Central Hampshire 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 Hampshire 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 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 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:

Sandra Squire
Executive Secretary

12-17-1c

CENTRAL HAMPSHIRE P.S.D.
R.R. 1, BOX 84
AUGUSTA, WV 26704
PHONE (304) 496-8882
FAX (304) 386-9104

JANUARY 7, 2009

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT HELD ITS REGULAR MONTHLY BOARD MEETING ON JANUARY 7, 2009 AT 6:00 P.M. AT THE DISTRICT OFFICE.

THOSE ATTENDING:

RICHARD WOOD, CHAIRMAN
ROBERT MAYHEW, SECRETARY
BRIAN JUDY, TREASURER
TEDDY SMITH, GENERAL MANAGER
JANET HAINES, OFFICE MANAGER
LES SHOEMAKER, HAMPSHIRE COUNTY DEV. AUTHORITY

THE MEETING WAS CALLED TO ORDER BY CHAIRMAN RICHARD WOOD AT 6:00 P.M.

THE BOARD REVIEWED THE MINUTES OF THE PREVIOUS BOARD MEETING. BOB MOVED TO ACCEPT THE MINUTES AS WRITTEN. BRIAN SECONDED THE MOTION. CHAIR CONCURRED.

THE BOARD REVIEWED AND DISCUSSED THE AGREEMENT WITH KEVIN MALICK CONCERNING KEVIN'S SEWER PLANT IN NEW SUNRISE. BRIAN MOVED TO APPROVE AND SIGN THE AGREEMENT FOR THE TOTAL NOT TO EXCEED $120,000.00. BOB SECONDED THE MOTION. CHAIR CONCURRED.

THE BOARD REVIEWED A LETTER FROM HAMPSHIRE COUNTY DEVELOPMENT AUTHORITY OFFERING A LOAN OF $120,000.00 FOR A TERM OF 1 YEAR AT PRIME + 1%. BOB MOVED THAT CENTRAL HAMPSHIRE ACCEPT THE TERMS OF THE LOAN AND DIRECT OUR CHAIRMAN TO SIGN THE DOCUMENT. BRIAN SECONDED THE MOTION. HAMPSHIRE COUNTY DEVELOPMENT AUTHORITY NEEDS A LETTER FROM CENTRAL HAMPSHIRE AND A LETTER FROM JOHN KUNKLE, OUR ACCOUNTANT, STATING THAT CENTRAL HAMPSHIRE IS FINANCIALLY ABLE TO REPAY THE LOAN.

LES SHOEMAKER GAVE AN UPDATE ON CAPON BRIDGE TECH PARK. THEY ARE STILL WANTING CENTRAL HAMPSHIRE TO TAKE IT OVER. THE BOARD MEMBERS TABLED THIS UNTIL THE PROJECTS WE ALREADY HAVE UNDER-WAY HAVE BEEN COMPLETED.

TEDDY SAID HE HAD TALKED TO JOHN KUNKLE AND HE SAID HE SHOULD HAVE THE PROFORMA FOR THE MERGER READY TO SEND IN BY FEBRUARY 1, 2009

DAN FERRELL FAXED IN AN UPDATE FOR THE TWO PROJECTS HE IS WORKING ON. COPY ATTACHED TO THE MINUTES.

RICHARD ASKED ABOUT THE LETTERS TO THE SEWER CUSTOMERS WE HAVE TO SEND OUT CONCERNING THE SEWER RATE INCREASE. JANET SAID THEY ARE BEING WORKED ON NOW AND SHOULD GO OUT EITHER FRIDAY OR MONDAY.

IN JANUARY OF EACH YEAR BOARD MEMBERS HAVE TO BE RE-ELECTED. BOB MOVED THAT THE SLATE OF OFFICERS WE HAVE NOW REMAIN THE SAME. BRIAN SECONDED THE MOTION. CHAIR CONCURRED.

THE BOARD DISCUSSED RUSSELL'S REPORTS. TEDDY GAVE THE BOARD THE AMOUNT OF SLUDGE HAULING FOR THE PAST YEAR. RUSSELL SENT AN INVITATION TO THE BOARD TO COME TO SEWER PLANT AND HE WOULD GIVE THEM A TOUR AND SHOW THEM HOW OPERATIONS ARE DONE.

TEDDY INFORMED THE BOARD ABOUT THE WATER LEAK AT CHUCK PARSONS' ON ROUTE 28. JANET REPORTED THAT CHUCK HAD PAID THE BILL THAT DAY.

NEXT BOARD MEETING – FEBRUARY 4, 2009

BOB MOVED TO ADJOURN THE MEETING. BRIAN SECONDED THE MOTION.

RICHARD WOOD Richard Wood

ROBERT MAYHEW

BRIAN JUDY

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 A
(West Virginia SRF Program); and
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION, AND SWEEP RESOLUTION

The undersigned SECRETARY of the Public Service Board of Central Hampshire 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 Central Hampshire Public Service District met in regular session, pursuant to notice duly posted, on the 7th day of October, 2009, in Augusta, West Virginia, at the hour of 6:00 p.m.

PRESENT:	Chairperson	-	Richard Wood
	Treasurer	-	Brian Judy
		-	Janet M. Haines

Richard Wood, Chairman, presided. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it. Janet M. Haines was appointed as Secretary for the purposes of the Series 2009 B Bonds closing.

Thereupon, the Chairman presented a proposed Bond Resolution in writing entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $1,791,405 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA); 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 ARRA ASSISTANCE 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, on motion duly made by Brian Judy and seconded by Richard Wood, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Thereupon, the Chairman then presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2009 B (WEST VIRGINIA SRF PROGRAM/ARRA), OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE ARRA ASSISTANCE 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.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Brian Judy and seconded by Richard Wood, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Brian Judy and seconded by Richard Wood, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Brian Judy and seconded by Richard Wood, it was unanimously ordered that the said Sweep Resolution be adopted.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

*** *** ***

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Central Hampshire Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 23rd day of October, 2009.

Janet M Haines
Secretary

544010.00002

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

NEW ISSUE REPORT FORM

Date of Report: 10/23/2009

ISSUE: Central Hamshire Public Service District
Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA)

ADDRESS: RR 1, Box 84, Augusta, West Virginia 26704 COUNTY: Hampshire

PURPOSE OF ISSUE:
New Money: x
Refunding:

ISSUE DATE: 23-Oct-09
ISSUE AMOUNT: $1,791,405
1ST DEBT SERVICE DUE: 100% forgivable
1ST DEBT SERVICE AMOUNT 100% forgivable

REFUNDS ISSUE(S) DATED: NA
CLOSING DATE: 23-Oct-09
RATE: 0%
1ST PRINCIPAL DUE 100% forgivable
PAYING AGENT: Municipal Bond Commission

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

CLOSING BANK:
Bank: First National Bank
Contact: Judy Fields
Phone: 304.822.8700

KNOWLEDGEABLE ISSUER CONTACT
Contact: Ted Smith
Position: Manager
Phone: 304.496.8882

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

OTHER:
Agency: West Virginia Department of Environmental Protection
Contact: Rosalie Brodersen
Position: Program Manager
Phone: 926.0499 x 1608

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____ Accrued Interest: $
____ Capitalized Interest: $
____ Reserve Account: $
____ Other: $

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee $
____ To Issuer $
____ To Cons. Invest. Fun $
____ To Other: ____ $

NOTES: The Series 2009 B Bonds are 100% forgivable. The Series 2009 B Bonds Reserve Account will not be funded.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED:
TRANSFERS REQUIRED:

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

First National Bank, Romney, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Central Hampshire Public Service District (the "Issuer") adopted October 7, 2009, and the Supplemental Resolution of the Issuer adopted October 7, 2009 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 23, 2009, issued in the principal amount of $1,791,405 (the "Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 23rd day of October, 2009.

FIRST NATIONAL BANK

By: _____
Its: Authorized Officer

09.04.09
135450.00009

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

ACCEPTANCE OF DUTIES AS REGISTRAR

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Central Hampshire Public Service District Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), dated October 23, 2009, issued in the respective principal amounts of $1,791,405 (the "Bonds"), and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 23rd day of October, 2009.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

09.04.09
135450.00009

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

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 Central Hampshire Public Service District (the "Issuer"), hereby certifies that on the date hereof the single, fully registered Sewer Revenue Bond, Series 2009 B (West Virginia SRF Program/ARRA), of the Issuer, dated October 23, 2009, in the principal amount of $1,791,405, numbered BR-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 23rd day of October, 2009.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

09.04.09
135450.00009

CH5249245.2

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 23rd day of October, 2009, by and between CENTRAL HAMPSHIRE 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 $1,791,405 Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA), in fully registered form (the "Bonds"), pursuant to the Bond Resolution of the Issuer duly adopted October 7, 2009, and the Supplemental Resolution of the Issuer duly adopted October 7, 2009 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exclusion of interest 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 Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER: Central Hampshire Public Service District
RR 1, Box 84
Augusta, West Virginia 26704
Attention: General Manager

REGISTRAR: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301
Attention: Corporate Trust Department

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The registrar shall carry out applicable requirements of 40 CFR part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

9. The Registrar is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

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.

CENTRAL HAMPSHIRE
PUBLIC SERVICE DISTRICT

By: Richard C Wood
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By:
Its: Authorized Officer

09.04.09
135450.00009

EXHIBIT A

Bond Legislation included in bond transcript as Documents Nos. 1 and 2.

SCHEDULE OF COMPENSATION

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date October 23, 2009

Central Hampshire Public Service District
Account Number 6089001809

Central Hampshire Public Service District
Sewer Revenue Bonds, Series 2009 B
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR October, 2009

****

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 . . . . . *

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
DIVISION OF WATER AND WASTE MANAGEMENT
414 SUMMERS STREET, SECOND FLOOR
CHARLESTON, WV 25301

NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM
WATER POLLUTION CONTROL PERMIT

NPDES PERMIT NO.: WV0081850
SUBJECT: Sewage

ISSUE DATE: September 09, 2004
EFFECTIVE DATE : October 09, 2004
EXPIRATION DATE: September 08, 2009
SUPERSEDES: Permit No. WV0081850 dated July 30, 1998

LOCATION: ROMNEY (City) Hampshire (County) Cacapon River (Drainage Basin)

See the next page for a list of Outlets.

TO WHOM IT MAY CONCERN:

This is to certify that: CENTRAL HAMPSHIRE PSD
HC 83 BOX 3580
ROMNEY, WV 26757

is hereby granted a West Virginia NPDES Water Pollution Control Permit to:
Operate and maintain an existing wastewater collection system and an existing 0.2 MGD extended aeration wastewater treatment plant which are further described as follows.

A wastewater collection system consisting of 105 linear feet of twelve (12) inch diameter sewer line, 17,464 linear feet of ten (10) inch diameter sewer line, 31,567 linear feet of eight (8) inch diameter sewer line, 15,204 linear feet of six (6) inch diameter sewer line, 12,925 linear feet of four (4) inch diameter sewer line; 7,492 linear feet of four (4) inch diameter force main, 9,780 linear feet of three (3) inch diameter force main, 24,315 linear feet of two (2) inch diameter force main, 5,471 linear feet of one and one quarter (1.25) inch diameter force main; 493 manholes; 62 cleanouts; three (3) lift stations; and all requisite appurtenances.

A 0.2 MGD extended aeration wastewater treatment plant comprised of a bar screen, two (2) 150,000 gallon reactor basins, two (2) 25,000 gallon integrated clarifiers, a 102,500 gallon sludge holding basin with supplemental aeration, effluent flow metering via a parshall flume with ultrasonic level sensor, an ultraviolet disinfection unit, a 16,000 gallon post aeration chamber; and all necessary appurtenances.

The facility is designed to serve approximately 2,000 population equivalents in the Central Hampshire PSD, and environs, and discharge treated wastewater via Outlet 001 into the Little Cacapon River at Mile Point 22, of the Potomac River.

Also to acquire, construct, install, operate, and maintain improvements to the wastewater treatment plant consisting of a new 112,804 gallon clarifier, conversion of the existing clarifiers to stand-by units by adding mixers, replacement of the existing aeration diffusers in the existing reactor basins, a new blower for the reactor basin aeration system, replacement of the existing aeration diffusers in the sludge basin, a new blower for the sludge basin, a new return activated sludge pump station, a new waste activated sludge pump station, and any other appurtenances necessary to complete the project.

The wastewater treatment plant project shall be constructed in accordance with Health Department Permit No. 16,150 and the plans and specifications, approved the 20th day of July 2004, and any approved addenda, thereto.

prepared by Rummel, Klepper & Kahl, LLP.; 1 Grand Central Park, Suite 2040; Keyser, WV 26726, and entitled, "Central Hampshire PSD Wastewater Treatment Plant Clarifier and Aeration Improvements; WV IJDC Project No. 2003S-773."

This permit is subject to the following terms and conditions :
The information submitted on and with Permit Application No. WV0081850 dated the 17th day of February, 2004 and Permit Application No. WV0081850-C dated the 7th day of June, 2004 and additional information received the 18th and 26th day of May, 2004 are all hereby made terms and conditions of this Permit with like effect as if all such permit application information were set forth herein and with other conditions set forth in Sections A, B, C, D, E, and Appendix A.

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.

Division of Water and Waste Management
414 Summers Street, Second Floor
Charleston, West Virginia 25301
Phone (304) 558-4086
Fax (304) 558-5903

West Virginia Department of Environmental Protection

Bob Wise
Governor

Stephanie R. Timmermeyer
Cabinet Secretary

September 09, 2004

SCOTT SHOEMAKER, PRS.
CENTRAL HAMPSHIRE PSD
HC 63 BOX 3580
ROMNEY, WV 26767

CERTIFIED RETURN RECEIPT REQUESTED

Dear Permittee:

Enclosed please find WV/NPDES Permit Number WV0081850 dated September 09, 2004.

Please note that a Discharge Monitoring Report (DMR) is to be completed and submitted to this Division each month. It is suggested that several copies of the enclosed DMR forms be made for your future use, as this Division does not supply permittees with DMR forms.

Finally note that copies of all future correspondence regarding the permit including copies of DMRs must be forwarded to the Field Inspector and Field Supervisor at the following address:

Department of Environmental Protection
Environmental Enforcement
HC 63 Box 2545
Romney, WV 26757

Also, please note the attachment to this permit which describes the annual permit fee requirement. Reissuance of your permit does not change the annual fee billing cycle.

Also, enclosed find Administrative Order No. 5602 for Permit No. WV0081850 requiring you to upgrade your treatment to meet the requirements of this Permit.

If you have any questions, please contact Matt Sweeney, P.E. of this Division at (304) ~~558-2986~~ 926-0499 or our TDD number (304) 558-2751. Ext: 1019

Sincerely,

Cliff D. Whyte, P.E.
Manager, Permitting Section

CDW:ms

Enclosures

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 10/05/2009

PRODUCER (304)375-4900 FAX (304)375-2162
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown, WV 26187

INSURED Central Hampshire PSD
DBA: Teddy Smith
HC 63, Box 3580
Romney, WV 26757

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: American Alternative Insurance	
INSURER B	
INSURER C	
INSURER D	
INSURER E	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY [X] COMMERCIAL GENERAL LIABILITY [ ] CLAIMS MADE [X] OCCUR GEN'L AGGREGATE LIMIT APPLIES PER [ ] POLICY [ ] PRO-JECT [ ] LOC	SP9152328-02	07/15/2009	07/15/2010	EACH OCCURRENCE	$ 1,000,000
						DAMAGE TO RENTED PREMISES (Ea occurence)	$ 1,000,000
						MED EXP (Any one person)	$ 5,000
						PERSONAL & ADV INJURY	$ 1,000,000
						GENERAL AGGREGATE	$ 3,000,000
						PRODUCTS - COMP/OP AGG	$ 3,000,000
		AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] ALL OWNED AUTOS [ ] SCHEDULED AUTOS [ ] HIRED AUTOS [ ] NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident)	$
						BODILY INJURY (Per person)	$
						BODILY INJURY (Per accident)	$
						PROPERTY DAMAGE (Per accident)	$
		GARAGE LIABILITY [ ] ANY AUTO				AUTO ONLY - EA ACCIDENT	$
						OTHER THAN AUTO ONLY: EA ACC	$
						OTHER THAN AUTO ONLY: AGG	$
		EXCESS/UMBRELLA LIABILITY [ ] OCCUR [ ] CLAIMS MADE [ ] DEDUCTIBLE [ ] RETENTION $				EACH OCCURRENCE	$
						AGGREGATE	$
							$
							$
							$
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below.				[ ] WC STATU-TORY LIMITS [ ] OTH-ER	
						E.L. EACH ACCIDENT	$
						E.L. DISEASE - EA EMPLOYEE	$
						E.L. DISEASE - POLICY LIMIT	$
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Certificate holder listed below is named as Additional Insured in regards to the policy listed above.

CERTIFICATE HOLDER

WV Water Development Authority
180 Association Drive
Charleston, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

©ACORD CORPORATION 1988

EXHIBIT
tabbies
20

COUNTY OF HAMPSHIRE
OFFICE OF COUNTY COMMISSION
COURT HOUSE BUILDING
ROMNEY, WEST VIRGINIA 26757
304-822-5112

November 13, 2008

Mr. Richard Wood, Chairman
Central Hampshire Public Service District
RR 1 Box 84
Augusta, WV 26704

RE: Central Hampshire County Public Service District
Interconnection Project

Dear Mr. Wood:

This letter is to confirm in writing, the Hampshire County Commission (HCC) Funding Commitment to Central Hampshire.

The Hampshire County Commission will provide a $500,000.00 grant to assist in funding the Interconnection Project (WVIJDC #2006S-949). The Hampshire County Commission has made $150,000.00 available immediately for soft costs and $350,000.00 will be available for construction.

If you need any other information, please contact me.

Sincerely,

Donald P. Cookman, President
Hampshire County Commission

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

SCANNED Phil S

RECEIVED
NOV 18 2008

CAPITOL AND WASHINGTON STREETS 1 DAVIS SQUARE, SUITE 200 CHARLESTON, WV 25301
Telephone (304) 558-2981

PERMIT

THRASHER ENGINEERING, INC.

PROJECT: (Sewer) Sewer Interconnection with Romney **PERMIT NO.:** 18,161

LOCATION: Romney **COUNTY:** Hampshire **DATE:** 11-17-2008

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

Central Hampshire Public Service District
RR 1, Box 84
Augusta, West Virginia 26704

is hereby granted approval to: install approximately 6,425 LF of 10" sewer line; necessary manholes; two (2) 350 G.P.M. duplex submersible sewage pump stations; telemetry equipment for existing and new sewage pump stations and flow meters; approximately 6,350 LF of 8" force main with connection to the existing City of Romney sewage system. Additional work at the City of Romney wastewater treatment plant will consist of the addition of a 200 G.P.M. simplex submersible sewage pump station (with a 300 G.P.M. spare pump); approximately 160 LF of 6" force main; the addition of approximately 100,000 gallons storage to the existing equalization basin; and all necessary piping, valves, controls and appurtenances.

Facilities are being installed in order to allow the Central Hampshire Public Service District to transport/divert 100,000 G.P.D. to the City of Romney sewage system.

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 to be over the sewer lines.**

The Environmental Engineering Division of the **Kearneysville District Office, (304) 725-9453**, is to be notified when construction begins.

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

FOR THE DIRECTOR

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

WSH:cls
pc: Thrasher Engineering, Inc.
Katheryn Emery, P.E., DEP
City of Romney
James W. Ellars, P.E.
Amy Swann, PSC
Hampshire County Health Department
OEHS-EED Kearneysville District Office

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM) AND SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND AND NOTE 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	2
Section 1.03	Resolution Constitutes Contract	4
Section 1.04	Definitions	5
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT		
Section 2.01	Authorization of Acquisition and Construction of the Project	14
Section 2.02	Authorization of Payment of Prior Obligations	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	17
Section 3.08	Bonds Secured by Pledge of Net Revenues	18
Section 3.09	Delivery of Bonds	18
Section 3.10	Form of Bonds	18
	FORM OF SERIES 1999 A BOND	19
	FORM OF SERIES 1999 B BOND	27
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	36
Section 3.12	"Amended Schedule" Filing	36

ARTICLE IV

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF NOTES

Section 4.01	Authorization of Notes	37
Section 4.02	Terms of Notes	37
Section 4.03	Execution of Notes	37
Section 4.04	Authentication and Registration	38
Section 4.05	Negotiability, Transfer and Registration	38
Section 4.06	Notes Mutilated, Destroyed, Stolen or Lost	39
Section 4.07	Notes not to be Indebtedness of the Issuer	39
Section 4.08	Security for the Notes	39
Section 4.09	Delivery of Notes	39
Section 4.10	Form of Notes	40
	FORM OF NOTE	41
Section 4.11	Sale of Notes	48
Section 4.12	Prohibition of Other Loans	48
Section 4.13	Covenants with Holders of Notes	48
Section 4.14	Required Notices to Holders of Notes	48
Section 4.15	Notes Payment Fund	49
Section 4.16	Conversion of Notes to Permanent Financing and/or Additional Bond Anticipation Notes	49

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	52
Section 5.02	Establishment of Funds and Accounts with Commission	52
Section 5.03	System Revenues; Flow of Funds	52

ARTICLE VI
APPLICATION OF BOND AND NOTE PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond and Note Proceeds	58
Section 6.02	Construction Disbursements	59

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	61
Section 7.02	Bonds and Notes not to be Indebtedness of the Issuer	61
Section 7.03	Bonds Secured by Pledge of Net Revenues	61
Section 7.04	Initial Schedule of Rates and Charges	62
Section 7.05	Sale of the System	62
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	63
Section 7.07	Parity Bonds	64
Section 7.08	Books; Records and Audit	65
Section 7.09	Rates	67
Section 7.10	Operating Budget and Monthly Financial Report	68
Section 7.11	Engineering Services and Operating Personnel	68
Section 7.12	No Competing Franchise	69
Section 7.13	Enforcement of Collections	69
Section 7.14	No Free Services	70
Section 7.15	Insurance and Construction Bonds	70
Section 7.16	Mandatory Connections	72
Section 7.17	Completion and Operation of Project; Permits and Orders	72
Section 7.18	Tax Covenants	72
Section 7.19	Statutory Mortgage Lien	74
Section 7.20	Compliance with Loan Agreement and Law	74
Section 7.21	Securities Laws Compliance	74
Section 7.22	Contracts	74

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	75
Section 8.02	Arbitrage and Tax Exemption	75
Section 8.03	Tax Certificate and Rebate	76

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	78
Section 9.02	Remedies	79
Section 9.03	Appointment of Receiver	79

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	81
Section 10.02	Payment of Notes	81

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Resolution	82
Section 11.02	Resolution Constitutes Contract	82
Section 11.03	Severability of Invalid Provisions	82
Section 11.04	Headings, Etc.	82
Section 11.05	Conflicting Provisions Repealed	82
Section 11.06	Covenant of Due Procedure, Etc.	83
Section 11.07	Public Notice of Proposed Financing	83
Section 11.08	Effective Date	83
	SIGNATURES	84
	CERTIFICATION	85

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,836,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), NOT MORE THAN $1,725,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS AND NOTES; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS AND NOTES; 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 CENTRAL HAMPSHIRE 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 "Resolution") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 22 C, Article 2 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. Central Hampshire Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Hampshire County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, the Issuer has experienced serious environmental problems due to the poor condition of its existing sewerage system. It is deemed necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage system of the Issuer, consisting of a wastewater collection and treatment system, 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 further additions or improvements thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The 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 costs of operation and maintenance of the System and the principal of and interest on the Series 1999 Bonds and to make payments into all funds and accounts and other payments provided for herein.

D. The Issuer intends to 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 Water Pollution Control Revolving Fund and the West Virginia Infrastructure Fund, pursuant to the Act.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $4,561,000 in two series (collectively, the "Series 1999 Bonds"), being the Sewer Revenue Bonds, Series 1999 A

(West Virginia SRF Program), in the aggregate principal amount of not more than $2,836,000 (the "Series 1999 A Bonds"), and the Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $1,725,000 (the "Series 1999 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project, and to issue its Sewerage System Bond Anticipation Notes, Series 1999 (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $1,600,000 (the "Notes"), to temporarily finance a portion of the costs of acquisition and construction of the Project. 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 Notes during the term thereof and upon the Series 1999 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 Reserve Accounts (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, including the SRF Administrative Fee (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 1999 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 1999 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.

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

G. It is in the best interests of the Issuer that its Series 1999 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and among the Issuer, the Authority and the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment (the "DEP"), its Series 1999 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and its Notes be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the Council, such loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

H. The Series 1999 Bonds shall be issued on a parity with each other with respect to liens, pledge and source of and security for payment and in all other respects. Other than the Series 1999 Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by Net Revenues or assets of the System.

The Notes shall be issued junior and subordinate to the Series 1999 Bonds with respect to liens, pledge and source of and security for payment and in all other respects. The Notes shall not be payable from or secured by Net Revenues, but shall be payable only from and secured by a first lien on (i) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) or other financial assistance to be received by the Issuer for the System; and (ii) the proceeds of any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Issuer, issued subsequent to the issuance of the Notes to permanently finance the costs of acquisition and construction of the Project.

On the date of issuance of the Series 1999 B Bonds, the Issuer shall use a portion of the proceeds of the Series 1999 B Bonds to pay in full its loans from The First National Bank of Romney in the outstanding principal amount of $40,469.30, its loans from the Hampshire County Development Authority in the outstanding principal amount of $150,000, and its Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), in the outstanding principal amount of $120,000 (collectively, the "Prior Obligations").

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and the issuance of the Series 1999 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 1999 Bonds or any of the Notes or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and approved by the Council pursuant to Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Resolution Constitutes Contract. In consideration of the acceptance of the Series 1999 Bonds and the Notes by those who shall be the Registered Owners of the same from time to time, this Resolution shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 1999 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, collectively, Chapter 16, Article 13A, Chapter 22C, Article 2 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 1999 Bonds and the Notes, or any other agency, board or department 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.

"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 and Note Resolution," "Resolution" or "Local Act" means this Bond and Note 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 1999 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 1999 Bonds and the Notes for the proceeds or at least a de minimis portion thereof representing the purchase prices of the Series 1999 Bonds and the Notes 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.

"Completion Date" means the completion date of the Project, as defined in the SRF Regulations.

"Consulting Engineers" means Cerrone & Associates, Inc., Wheeling, 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 1.02E 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 of the State of West Virginia that succeeds to the functions of the Council.

"DEP" means the West Virginia Division of Environmental Protection, a division of the West Virginia Bureau of Environment, or any other agency, board or department of the State that succeeds to the functions of the DEP.

"Depository Bank" means the bank or trust company 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.

"Grant" means all moneys received by the Issuer on account of any Grant for the Project.

"Grant Agreement" means a written commitment for the payment of any Grant, 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.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of any grant anticipation notes.

"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" shall not include any proceeds 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 Resolution.

"Independent Certified Public Accountants" shall mean 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 Central Hampshire Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means, collectively, the respective Loan Agreements heretofore entered into or to be entered into (i) by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 1999 A Bonds from the Issuer by the

Authority; (ii) by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1999 B Bonds from the Issuer by the Authority; and (iii) by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Notes from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified and confirmed by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1999 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. 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 1999 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 1999 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1999 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 the Sewerage System Bond Anticipation Notes, Series 1999 (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Note Registrar" means the bank or other entity to be designated as such in the Supplemental Resolution 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, 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, if any, on the 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.

"Outstanding," when used with reference to Bonds or Notes and as of any particular date, describes all Bonds theretofore and thereupon being authenticated (where applicable) and delivered, or all Notes theretofore and thereupon being authenticated and delivered, except (i) any Bond or Note cancelled by the Bond Registrar or Note 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 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; 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 Commission or other entity designated as such for the Series 1999 Bonds and the Notes in the Supplemental Resolution.

"Prior Obligations" means, collectively, the Issuer's loans from The First National Bank of Romney in the outstanding principal amount of $40,469.30, from the Hampshire County Development Authority in the outstanding principal amount of $150,000, and the Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund), in the outstanding principal amount of $120,000.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; 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 Note Registrar, or both.

"Regulations" means the 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.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 1999 Bonds.

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

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

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

"Series 1999 A Bonds" means the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 1999 A Bonds Reserve Account" means the Series 1999 A Bonds Reserve Account established in the Series 1999 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1999 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 1999 A Bonds in the then current or any succeeding year.

"Series 1999 A Bonds Sinking Fund" means the Series 1999 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 1999 B Bonds" means the Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1999 B Bonds Reserve Account" means the Series 1999 B Bonds Reserve Account established in the Series 1999 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1999 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1999 B Bonds in the then current or any succeeding year.

"Series 1999 B Bonds Sinking Fund" means the Series 1999 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 1999 Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 1999 A Bonds.

"SRF Program" means the State's Water Pollution Control Revolving Fund Program, under which the Authority purchases the water pollution control revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of a capitalization grant award from the United States Environmental Protection Agency and funds from the State.

"SRF Regulations" means the regulations set forth in Title 47, Series 31 of the West Virginia Code of State Regulations.

"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 1999 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 1999 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 this Resolution to be set aside and held for the payment of or security for the Series 1999 Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund 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, 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.

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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 neuter gender shall include any other gender; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

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 $7,281,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Series 1999 Bonds hereby authorized shall be applied as provided in Article VI hereof, respectively. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, compatible with the financing plan submitted to the Authority, the DEP and the Council.

The cost of the Project is estimated to be $7,281,000, of which approximately $1,000,000 will be from a grant by the Council, approximately $100,000 will be from a grant by the West Virginia Regional Jail and Correctional Facility Authority, approximately $20,000 will be from a grant by the Governor's Contingency Fund, approximately $2,836,000 will be from proceeds of the Series 1999 A Bonds, approximately $1,725,000 will be from proceeds of the Series 1999 B Bonds and approximately $1,600,000 will be from proceeds of the Notes.

Section 2.02. Authorization of Payment of Prior Obligations. There is hereby authorized and ordered the payment in full of the Prior Obligations from a portion of the proceeds of the Series 1999 B 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 1999 Bonds, funding the Reserve Accounts for the Series 1999 Bonds, paying in full the outstanding principal of and interest on the Prior Obligations, paying costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1999 Bonds and related costs, or any one or more of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 1999 Bonds of the Issuer. The Series 1999 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program)," in an aggregate principal amount of not more than $2,836,000, and "Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund)," in an aggregate principal amount of not more than $1,725,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1999 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 1999 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 1999 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 1999 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 1999 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 or herein, the Series 1999 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached thereto, representing the aggregate principal amount of each series of the Series 1999 Bonds. The Series 1999 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Series 1999 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. Such Bonds shall be dated and shall bear interest, if any, as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 1999 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 1999 Bonds shall cease to be such officer of the Issuer before the Series 1999 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 1999 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 1999 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution 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 Resolution. The Certificate of Authentication and Registration on any Series 1999 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 1999 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 any of the Series 1999 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 the Series 1999 Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as any of the Series 1999 Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 1999 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 Resolution. 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 of the Series 1999 Bonds 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 1999 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 1999 Bonds shall ever have the right to compel the exercise

of the taxing power of the Issuer, if any, to pay the Series 1999 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues. The payment of debt service of the Series 1999 A Bonds and the Series 1999 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with each other. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1999 Bonds and to make all other payments provided for in this Resolution, 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 1999 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1999 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 1999 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 1999 Bonds to the original purchasers;

C. An executed and certified copy of the Resolution;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1999 Bonds.

Section 3.10. Form of Bonds. The text of the Series 1999 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 1999 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1999 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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, _____, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on EXHIBIT B attached hereto.

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 Division of Environmental Protection (the "DEP"), 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 DEP, dated _____, 199__.

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 system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this

Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further 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 and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (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 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1999 B BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "NOTES").

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 the Net Revenues in favor of the holders of the Series 1999 B Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 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 which 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, if any, hereon, except from said special fund provided from the Net Revenues, the moneys in the Series 1999 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 Series 1999 B Bonds; provided however, that so long as there exists in the Series 1999 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 Series 1999 B 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the costs of the Project and costs of issuance 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 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, CENTRAL HAMPSHIRE 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 1999 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

(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

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:

_____

(FORM OF SERIES 1999 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1999 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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, _____, or such earlier or later date as provided for in Section 5.03A(2) of the hereinafter defined Bond Legislation, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with interest on each installment at the rate per annum set forth on said EXHIBIT B. The interest shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, or such earlier or later date as provided for in Section 5.03A(2) of the hereinafter defined Bond Legislation, as set forth on EXHIBIT B attached hereto.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). 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 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 between the Issuer and the Authority, on behalf of the Council, dated _____, 199___.

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 system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds")and related costs. The existing public sewerage system of the Issuer, the Project and any further 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 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, _____, and a Supplemental Resolution duly adopted by the Issuer on _____, _____ (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 1999 A (WEST VIRGINIA SRF PROGRAM), DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 1999 A BONDS").

THIS BOND IS ISSUED SENIOR AND PRIOR, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "NOTES").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 1999 A Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1999 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 1999 B Bonds Reserve Account

and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 1999 A Bonds; provided however, that so long as there exists in the Series 1999 B 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 on a parity with the Bonds, including the Series 1999 A Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such 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 at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System

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

All provisions of the 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, CENTRAL HAMPSHIRE 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 1999 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION, 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

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 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1999 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.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the DEP and the Council a schedule in substantially the form attached to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF NOTES

Section 4.01. Authorization of Notes. For the purposes of paying costs of the Project not otherwise provided for and paying certain costs of issuance of the Notes 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 Notes of the Issuer. The Notes shall be issued as a single note, designated as "Sewerage System Bond Anticipation Notes, Series 1999 (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,600,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Notes shall be deposited in or credited to the Notes Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 4.02. Terms of Notes. The Notes shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate; 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 Notes 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 Notes, 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 Note 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 Notes shall be issued in the form of a single note, fully registered to the Authority, with a record of advances attached, representing the aggregate principal amount of the Notes.

Section 4.03. Execution of Notes. The Notes 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 Notes shall cease to be such officer of the Issuer before the Notes so signed and sealed have been actually sold and delivered, such Notes may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Notes had not ceased to hold such office. Any Notes may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Notes shall hold the proper office in the Issuer, although at the date of such Notes such person may not have held such office or may not have been so authorized.

Section 4.04. Authentication and Registration. No Notes shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Note, substantially in the form set forth in Section 4.10 shall have been manually executed by the Note Registrar. Any such executed Certificate of Authentication and Registration upon any such Note shall be conclusive evidence that such Note has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Note shall be deemed to have been executed by the Note Registrar if manually signed by an authorized officer of the Note Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Notes issued hereunder.

Section 4.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Notes 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 Notes shall be conclusively deemed to have agreed that such Notes 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 Notes shall be incontestable in the hands of a bona fide holder for value.

So long as the Notes remain outstanding, the Issuer, through the Note Registrar as its agent, shall keep and maintain books for the registration and transfer of the Notes.

The Notes shall be transferable only upon the books of the Note 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 Note Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging or transferring the Notes are exercised, Notes shall be delivered in accordance with the provisions of this Resolution. All Notes surrendered in any such exchanges or transfers shall forthwith be cancelled by the Note Registrar. For every such exchange or transfer of Notes, the Note 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 Note upon each exchange or transfer, and any other expenses of the Note Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Note Registrar shall not be obliged to make any such exchange or transfer of Notes during the period commencing on the 15th day of the month next preceding an interest payment date on the Notes or, in the case of any proposed redemption of Notes, next preceding the date of the selection of Notes to be redeemed, and ending on such interest payment date or redemption date.

Section 4.06. Notes Mutilated, Destroyed, Stolen or Lost. In case any Note shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Note Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Note of the same series and of like tenor as the Notes so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Note, upon surrender and cancellation of such mutilated Note, or in lieu of and substitution for the Note 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 Note Registrar may incur. All Notes so surrendered shall be cancelled by the Note Registrar and held for the account of the Issuer. If any such Note shall have matured or be about to mature, instead of issuing a substitute Note, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Note be lost, stolen or destroyed, without surrender thereof.

Section 4.07. Notes not to be Indebtedness of the Issuer. The Notes 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 sources as herein provided. No holder or holders of the Notes shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Notes or the interest, if any, thereon.

Section 4.08. Security for the Notes. The Notes shall be payable only from and secured by a first lien on (i) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) or other financial assistance to be received by the Issuer for the System; and (ii) the proceeds of any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Issuer, issued subsequent to the issuance of the Notes to permanently finance the costs of acquisition and construction of the Project.

If, on the fortieth anniversary of the date of issuance of the Notes, the Issuer has not received any grants (other than grants from the West Virginia Infrastructure Fund) or other financial assistance for the System or issued any revenue bonds, refunding bonds, bond anticipation notes or other obligations to permanently finance the costs of the Project, then the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes; provided that, in no event shall an amount of the principal of the Notes greater than $489,000 be converted to a grant.

Section 4.09. Delivery of Notes. The Issuer shall execute and deliver the Notes to the Note Registrar, and the Note Registrar shall authenticate, register and deliver the Notes 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 Notes are to be registered upon original issuance, together with such taxpayer

identification and other information as the Note Registrar may reasonably require;

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

C. An executed and certified copy of the Resolution;

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Notes.

Section 4.10. Form of Notes. The text of the Notes 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 NOTE)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM BOND ANTICIPATION NOTE, SERIES 1999
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the sources and in the manner 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 annual installments of One Hundred Dollars ($100) on _____ 1 of each year, commencing _____ 1, ____, with the entire outstanding principal amount payable in full on _____ 1, _____. Notwithstanding the foregoing, if the SRF Program (as defined in the hereinafter described Notes Resolution) is amended prior to the maturity date of this Note to permit the Authority and the DEP to authorize and make loans under the SRF Program for terms in excess of 20 years, the Authority, acting on behalf of the Council and upon providing reasonable written notice to the Issuer, may declare all or any portion of the outstanding principal amount of this Note to be due and payable prior to maturity.

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

This Note may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and 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 between the Issuer and the Authority, on behalf of the Council, dated _____, 199__.

This Note is issued (i) to temporarily finance a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Notes of

this Series (the "Notes") and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System". This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Resolution duly adopted by the Issuer on _____, 199_, and a Supplemental Resolution duly adopted by the Issuer on _____, 199_ (collectively, the "Notes Legislation"), and is subject to all the terms and conditions thereof.

THIS NOTE IS ISSUED JUNIOR AND SUBORDINATE, WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM) AND SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), BOTH DATED _____, 199__, ISSUED CONCURRENTLY HEREWITH IN THE RESPECTIVE ORIGINAL AGGREGATE PRINCIPAL AMOUNTS OF $_____ AND $_____.

This Note is payable only from and secured by a first lien on (i) the proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) or other financial assistance to be received by the Issuer for the System; and (ii) the proceeds of any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Issuer, issued subsequent to the issuance of this Note to permanently finance the costs of acquisition and construction of the Project. The moneys from these sources shall be deposited into the Notes Payment Fund established under the Notes Legislation for the prompt payment of the principal of this Note. If, on the fortieth anniversary of the date of issuance of this Note, the Issuer has not received any grants (other than grants from the West Virginia Infrastructure Fund) or other financial assistance for the System or issued any revenue bonds, refunding bonds, bond anticipation notes or other obligations to permanently finance the costs of the Project, then the Council shall authorize the Authority to convert this Note to a grant and cancel this Note; provided that, in no event shall an amount of the principal of this Note greater than $489,000 be converted to a grant.

This Note does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional, statutory or charter provisions or limitations, nor shall the Issuer be obligated to pay the same except from the sources set forth above. Under the Notes Legislation, the Issuer has entered into certain covenants with the Authority, for the terms of which reference is made to the Notes Legislation. Remedies provided the Authority are exclusively as provided in the Notes Legislation, to which reference is here made for a detailed description thereof.

Subject to the requirements for transfer set forth herein, this Note is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial

Code of the State of West Virginia. This Note is transferable, as provided in the Notes Legislation, only by transfer of registration upon the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), to be made at the request of the registered owner hereof in person or by his attorney duly authorized in writing, and upon surrender hereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or his duly authorized attorney.

All moneys received from the sale of this Note shall be applied solely to the payment of the costs of the Project and the costs of issuance and related costs described in the Notes Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of this Note.

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

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

IN WITNESS WHEREOF, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT has caused this Note to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Note to be dated _____, 199____.

[SEAL]

_____
Chairman

Attest:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Note is one of the Notes described in and issued under the provisions of the within-mentioned Notes Legislation and has been duly registered in the name of the registered owned set forth above.

Date: _____, 199__.

ONE VALLEY BANK,
NATIONAL ASSOCIATION,
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 $_____

(Form of)

ASSIGNMENT .

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____ the within-mentioned Note and does hereby irrevocably constitute and appoint _____, attorney, to transfer said Note on the books of the Registrar on behalf of said Issuer with full power of substitution in the premises.

Dated: _____

_____

IN THE PRESENCE OF:

_____

Section 4.11. Sale of Notes. The Notes shall be sold to the Authority contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, adoption of the Supplemental Resolution; provided, that the Authority and the Issuer shall have agreed to the purchase thereof.

Section 4.12. Prohibition of Other Loans. So long as the Notes are outstanding, no bonds, notes or other evidences of indebtedness shall be issued by the Issuer without the prior written consent of the Authority and the Council; provided however, that the Issuer may issue its refunding notes or bonds to pay in full the entire outstanding principal of and interest, if any, accrued on the Notes.

Section 4.13. Covenants with Holders of Notes. All covenants and restrictions contained in this Resolution, where appropriate and to the extent required by the Loan Agreement, the Council or the Authority, shall be applicable to the Notes. In order to further secure the payment of the Notes, the Issuer hereby covenants and agrees with the Holders of the Notes as follows:

(A) The Issuer shall not make or cause or permit to be made any application of the proceeds of the Notes except as provided herein, or of any moneys held in the Notes Payment Fund except as provided herein.

(B) The Issuer shall comply in all respects with the terms and provisions of any grant agreements applicable to the System and with all applicable State and federal laws and regulations governing the implementation of such grant agreements.

(C) The Issuer shall comply with all the terms and conditions of the Loan Agreement.

Section 4.14. Required Notices to Holders of Notes. The Issuer shall provide the Authority and the Council, prompt written notice, appropriately documented, of any of the following events:

(A) If the Issuer is unable or unsuccessful in obtaining permanent financing to pay the Notes in full;

(B) Any suspension, termination or modification of any grant;

(C) The authorization by the Issuer of any additional indebtedness related to the System; and

(D) Any activity that would stop the work schedule of the Project.

Section 4.15. Notes Payment Fund. Pursuant to Section 5.02 hereof, the Notes Payment Fund is created and established with the Commission, to be held by the Commission separate and apart from all other funds or accounts of the Commission and from all other funds or accounts of the Issuer. Upon receipt of proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) for the System, any revenue bonds, refunding bonds, bond anticipation notes or other obligations which the Issuer may issue upon the maturity of the Notes, an amount of the proceeds of such grants, revenue bonds, refunding bonds, bond anticipation notes or other obligations sufficient to pay all or a portion of the entire outstanding principal of and interest, if any, on the Notes shall be deposited in the Notes Payment Fund. All moneys so deposited in the Notes Payment Fund shall be paid by the Commission to the Authority on the maturity date of the Notes, if such moneys have been so deposited prior to the maturity date of the Notes, or on an earlier date if so requested by the Authority on behalf of the Council and if so directed by the Issuer, in full or partial payment of the outstanding principal of the Notes. All moneys deposited in the Notes Payment Fund shall be held in trust for the Authority on behalf of the Council, and the Issuer shall have no rights with respect thereto except to receive the balance therein after payment of the Notes in full and the charges, if any, of the Paying Agent.

Any moneys remaining in the Notes Payment Fund, after the payment of the Notes in full and all charges of the Paying Agent, shall be used as directed in writing by the Authority and the Council.

Section 4.16. Conversion of Notes to Permanent Financing and/or Additional Bond Anticipation Notes.

A. In the event proceeds of any grants (other than grants from the West Virginia Infrastructure Fund) for the System, any revenue bonds, refunding bonds, bond anticipation notes or other obligations of the Issuer, issued subsequent to the issuance of the Notes, are not sufficient or available on a timely basis to pay the Notes in full by the maturity date of the Notes, the Issuer covenants and agrees to issue and sell its revenue bonds and/or additional bond anticipation notes in an amount sufficient to pay the Notes in full pursuant to the requirements of this Section 4.16.

B. The Issuer covenants that no later than twelve months prior to the maturity date of the Notes, the Issuer will retain an Independent Certified Public Accountant to prepare a report (the "Customer Growth Report") setting forth the following information:

(i) the amount of additional Net Revenues of the System attributable to the annual customer growth experienced by the System during the period between the date of issuance of the Notes and the date of the report, taking into account any rebates required to be repaid to new customers for construction advances pursuant to applicable regulations of the Public Service Commission of West Virginia;

(ii) the existing maximum annual debt service requirements of all bonds, notes, and other obligations then Outstanding payable from the Net Revenues of the System, taking into account the periodic payments required to be made into the Sinking Funds, Reserve Accounts, Renewal and Replacement Fund required by this Resolution on account of the Series 1999 Bonds and by any other resolution authorizing the issuance of such bonds, notes and other obligations;

(iii) the increases in operation and maintenance expenses experienced by the System during the period between the date of issuance of the Notes and the date of the report, and the additional increases in operation and maintenance expenses that are expected to be experienced by the System as a result of future customer growth, the effects of inflation, or otherwise;

(iv) the rate coverage requirements established by Section 7.09 of this Resolution and any more stringent rate coverage requirements established in any resolution adopted after this Resolution authorizing the issuance of other bonds, notes or other obligations of the Issuer then Outstanding;

(v) the then-current rates and charges of the Issuer;

(vi) the sources of permanent financing potentially available to the Issuer during the succeeding six months, including, for each such source, the applicable principal amount available to be loaned to the Issuer, the applicable interest rate, the existence and amount of any administrative or similar fee to be imposed by the lender, and the term of the loan; and

(vii) whether, considering the factors stated in subdivisions (ii), (iii), (iv) and (v) above and the terms of the available sources of permanent financing stated in subdivision (vi) above, the additional Net Revenues of the System attributable to the annual customer growth experienced by the System stated in subdivision (i) are sufficient to permit the Issuer to issue additional revenue bonds payable from the Net Revenues of the System to repay all or a portion of the Outstanding principal amount of the Notes and, if so, the principal amount of such additional revenue bonds that could be so issued.

No later than twelve months prior to the maturity date of the Notes, the Issuer will contact all available governmental funding sources to secure the information required to be set forth in subdivision (vi) above.

C. The Issuer shall provide the Customer Growth Report to the Authority and the Council no later than ten and one-half months prior to the maturity date of the Notes.

Based on its review of the Customer Growth Report, the Council will recommend that the Issuer take one or both of the following actions:

(i) that the Issuer issue additional revenue bonds, notes or other obligations of the System and that the proceeds of such additional revenue bonds, notes or other obligations be deposited in the Notes Payment Fund prior to the maturity date of the Notes to be applied to the payment of all or a portion of the Outstanding principal amount of the Notes; or

(ii) to the extent that the proceeds of such additional revenue bonds, notes or other obligations deposited in the Notes Payment Fund will be sufficient to repay only a portion of the Outstanding principal amount of the Notes, that on the maturity date of the Notes, the Issuer issue an additional bond anticipation note or notes to the Authority on behalf of the Council, containing such terms as the Authority and the Council may request, with an aggregate principal amount equal to the principal amount of the Notes not paid in full on the maturity date of the Notes.

D. Upon receipt of the Council's recommendations offered in response to the Customer Growth Report, the Issuer will take such actions as are necessary and convenient to implement the recommendations of the Council, including the adoption of a bond and/or note resolution, the issuance of additional revenue bonds, notes or other obligations payable from the Net Revenues of the System or the issuance of additional bond anticipation notes or both in principal amounts sufficient to convert all of the Outstanding principal amount of the Notes to permanent financing or additional bond anticipation notes.

E. Notwithstanding any other provision of this Resolution, if the SRF Program is amended prior to the maturity date of the Notes to permit the Authority and the DEP to authorize and make loans under the SRF Program for terms in excess of twenty years, the Authority, acting on behalf of the Council and upon providing reasonable written notice to the Issuer, may declare all or any portion of the outstanding principal amount of the Notes to be due and payable prior to maturity.

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 1999 A Bonds Construction Trust Fund;

(4) Series 1999 B Bonds Construction Trust Fund; and

(5) Notes Construction Trust Fund.

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

(1) Series 1999 A Bonds Sinking Fund;

(2) Within the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account;

(3) Series 1999 B Bonds Sinking Fund;

(4) Within the Series 1999 B Bonds Sinking Fund, the Series 1999 B Bonds Reserve Account; and

(5) Notes Payment Fund.

Section 5.03. System Revenues; Flow of Funds. A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided.

(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, (i) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 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 1999 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; (ii) commencing 3 months prior to the first date of payment of interest on the Series 1999 B Bonds or commencing 3 months after the full payment of the Series 1999 A Bonds, whichever occurs first, for which interest has not been capitalized or as required in the Loan Agreement, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 1999 B Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 B Bonds Sinking Fund and the next quarterly interest payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date; and (iii) commencing 3 months prior to the first date of payment of principal of the Series 1999 B Bonds or commencing 3 months after the full payment of the Series 1999 A Bonds, whichever occurs first, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1999 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1999 B 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.

(3) The Issuer shall next, on the first day of each month, (i) commencing 3 months prior to the first date of payment of principal of the Series 1999 A Bonds, if not fully funded upon issuance of the Series 1999 A Bonds, transfer from the Revenue Fund and remit to the Commission for

deposit in the Series 1999 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 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 1999 A Bonds Reserve Requirement; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1999 B Bonds or commencing 3 months after the full payment of the Series 1999 A Bonds, whichever occurs first, if not fully funded upon issuance of the Series 1999 B Bonds, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1999 B Bonds Reserve Account, an amount equal to 1/120th of the Series 1999 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1999 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1999 B Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, from the moneys remaining in the Revenue Fund, 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 any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, as the same shall become due. Moneys in the Series 1999 A Bonds Reserve Account and the Series 1999 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, as the same shall come due, when other moneys in the Series 1999 A Bonds Sinking Fund and the Series 1999 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and

the Series 1999 B 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 respective Bond Construction Trust Funds, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 1999 A Bonds and the Series 1999 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 1999 A Bonds Reserve Account or the Series 1999 B Bonds Reserve Account which result in a reduction in the balance therein to below the respective Reserve Requirements 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 1999 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund or the Series 1999 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the respective aggregate principal amount of the Series 1999 A Bonds and the Series 1999 B Bonds 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 1999 Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B 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.

Moneys in the Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1999 A Bonds Sinking Fund, the Series 1999 A Bonds Reserve Account, the Series 1999 B Bonds Sinking Fund and the Series 1999 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1999 A Bonds and the Series 1999 B Bonds respectively under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1999 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 Resolution. The Issuer shall also on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the SRF Administrative Fee as set forth in Schedule Y attached to the Loan Agreement for the Series 1999 A Bonds.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1999 A Bonds, 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.

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges 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 moneys 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 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.

ARTICLE VI

APPLICATION OF BOND AND NOTE PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond and Note Proceeds. From the moneys received from the sale of the Series 1999 Bonds and the Notes, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1999 A Bonds, there shall first be deposited with the Commission in the Series 1999 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. From the proceeds of the Series 1999 B Bonds, there shall first be deposited with the Commission in the Series 1999 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

C. Next, from the proceeds of the Series 1999 A Bonds, there shall be deposited with the Commission in the Series 1999 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1999 A Bonds Reserve Account.

D. Next, from the proceeds of the Series 1999 B Bonds, there shall be deposited with the Commission in the Series 1999 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1999 B Bonds Reserve Account.

E. Next, from the proceeds of the Series 1999 B Bonds, there shall be paid in full the Prior Obligations of the Issuer.

F. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1999 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 1999 A Bonds.

G. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1999 B Bonds, such moneys shall be deposited with the Depository Bank in the Series 1999 B 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 1999 B Bonds.

H. As the Issuer receives advances of the moneys derived from the sale of the Notes, such moneys shall be deposited with the Depository Bank in the Notes 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 Notes.

I. 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 1999 A Bonds shall be applied as directed by the DEP and the Authority and any remaining proceeds of the Series 1999 B Bonds and the Notes shall be applied as directed by the Council and the Authority.

Section 6.02. Construction Disbursements. A. With respect to the proceeds of the Series 1999 A Bonds, on or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 1999 A Bonds will be expended and the disbursement procedures for such proceeds, including 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 1999 A Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the DEP, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 1999 A Bonds, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, 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 then due and owing.

B. With respect to the proceeds of the Series 1999 B Bonds, the Issuer shall each month provide the Council and the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1999 B Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, 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 then due and owing.

C. With respect to the proceeds of the Notes, the Issuer shall each month provide the Council and the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Notes Construction Trust Fund shall be made only after submission to, and approval from, the Authority and the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, 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 then due and owing.

Pending such application, moneys in the respective Bond and Note Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1999 Bonds. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 1999 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 1999 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Until the payment in full of the principal of and interest, if any, on the Notes when due, and to the extent they do not materially adversely affect Bondholders, the covenants, agreements and provisions contained in this Resolution shall, where applicable, also inure to the benefit of the Holders of the Notes and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by any Holder or Holders of the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Series 1999 Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Resolution. No Holder or Holders of the Series 1999 Bonds or Notes, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1999 Bonds or Notes or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of debt service of the Series 1999 A Bonds and the Series 1999 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with each other. The Net Revenues in an amount sufficient to pay the principal of and interest and other payments on the Series 1999 Bonds and to make the other payments provided for in this Resolution, are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in this Resolution.

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 Order of the Public Service Commission of West Virginia entered December 16, 1998 (Case No. 98-0076-PSD-CN), and such rates are hereby adopted.

Section 7.05. Sale of the System. So long as the Series 1999 Bonds and the Notes are outstanding and except as otherwise required by law and 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 fully pay all the Bonds and Notes Outstanding, in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall immediately be remitted to the Commission for deposit in the Series 1999 A Bonds Sinking Fund, the Series 1999 B Bonds Sinking Fund and the Notes Payment Fund, respectively, and the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 1999 Bonds and the Notes. Any balance remaining after the payment of all the Bonds and the Notes 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 $10,000, 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 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 amount required to be paid into such fund by other provisions of this Resolution.

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 and Notes then Outstanding without the prior approval and consent in writing of the Holders of the Bonds and Notes then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds and Notes 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 other obligations whatsoever payable from 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 1999 Bonds. All obligations issued by the Issuer after the issuance of the Series 1999 Bonds and payable from 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 1999 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.

In addition to the provisions and limitations stated in the preceding paragraph, the Issuer shall not issue any other obligations whatsoever payable from revenues of the System so long as any portion of principal amount of the Notes or any additional bond anticipation notes issued for the purpose of renewing all or a portion of the original principal amount of the Notes is outstanding, unless the Issuer has secured the prior written consent of the Council and the Authority. The limitations imposed by the preceding sentence shall apply equally (i) in the case where all or any portion of the aggregate principal amount of the Series 1999 Bonds is Outstanding and the obligations sought to be issued would rank prior to, equally with, or junior and subordinate to such Bonds as to lien on and source of and security for payment with such Bonds; or (ii) in the case where the aggregate principal amount of the Series 1999 Bonds has been paid in full in accordance with Article X hereof.

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 1999 Bonds, and the interest, if any, thereon, upon any or all of the income and revenues of the System pledged for payment of the Series 1999 Bonds and the interest, if any, thereon in this Resolution, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. No Parity Bonds payable out of revenues of the System shall be issued after the issuance of the Series 1999 Bonds pursuant to this Resolution, except under the conditions and in the manner herein provided and with the prior written consent of the DEP, the Council and the Authority.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1999 Bonds.

No such Parity Bonds shall be issued except for the purposes of financing the costs of acquisition or construction of extensions and improvements to the System or refunding the Series 1999 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, 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 issuance of such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest 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 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 Resolution (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 Resolution required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Resolution.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 1999 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 1999 Bonds.

No Parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for in this Resolution with respect to the Series 1999 Bonds then Outstanding, and any other payments provided for in this Resolution, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms of this Resolution.

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the DEP, the Council and the Authority, 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 DEP, the Council and the Authority such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the DEP, the Council and the Authority, 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 or of a Note or Notes issued pursuant to this Resolution shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles 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 DEP, the Council and the Authority, or any other original purchasers of the Series 1999 Bonds or the Notes, 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 Resolution with respect to the Series 1999 Bonds or the 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 in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, 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 1999 Bonds or the Notes, as the case may be, and shall submit said report to the DEP, the Council and the Authority, or any other original purchasers of the Series 1999 Bonds or the Notes. Such audit report submitted to the DEP, the Council and the Authority shall include a statement that the Issuer is in compliance with

the terms and provisions of the Loan Agreement, the Act and this Resolution and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

The Issuer shall permit the DEP, 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 of the Project, the Issuer shall also provide the DEP, the Council and the Authority, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the DEP, the Council and the Authority with respect to the System pursuant to the Act.

The Issuer shall provide the DEP 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 for the Series 1999 A Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 1999 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 1999 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts and the reserve accounts for obligations on a parity with the Series 1999 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 1999 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1999 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 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 DEP, the Council and 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 a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the DEP, the Council, the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to 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.

Commencing on the Closing Date and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the DEP, the Council and the Authority by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. Prior to the issuance of the Series 1999 Bonds, the Issuer shall 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 DEP, the Council and the Authority, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the DEP, 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 resident engineering services satisfactory to the DEP, 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 resident engineer shall certify to the Authority, the DEP, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 1999 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the SRF Regulations, to the DEP when the Project is 90% completed.

The Issuer shall employ qualified operating personnel properly certified by the State before the Project is 25% complete and shall retain such a certified operator to operate the System during the entire term of the Loan Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 25% completion stage.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer shall 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 shall 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 or, if the waterworks facilities are not owned by the Issuer, the Issuer will use diligent efforts to enter into a similar termination agreement with the provider of such water, 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 shall not render or cause to be rendered any free services of any nature by the System, or any part thereof, nor shall 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 1999 Bonds or the Notes remain Outstanding, the Issuer shall, 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 System facilities 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 for every officer, member and employee of the Issuer having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

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

The Issuer shall obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the West Virginia Public Service Commission necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. 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 1999 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 1999 Bonds

during the term thereof is, under the terms of the Series 1999 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 1999 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 1999 Bonds during the term thereof is, under the terms of the Series 1999 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 1999 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 1999 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 1999 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 1999 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 1999 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 1999 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 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1999 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 1999 Bonds.

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

The Issuer shall comply with all applicable laws, rules and regulations issued by the Authority, the Council, the DEP or other federal, State 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 shall 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 (17CFR Part 240).

Section 7.22. Contracts. A. The Issuer shall, simultaneously with the delivery of the Series 1999 Bonds and the Notes 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 DEP and the Council for written approval. The Issuer shall obtain the written approval of the DEP and the Council before expending any proceeds of the Series 1999 Bonds or the Notes held in "contingency" as set forth in the respective schedules attached to the Loan Agreement. The Issuer shall also obtain the written approval of the DEP and the Council before expending any proceeds of the Series 1999 Bonds or the Notes made available due to bid or construction or project underruns.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 1999 Bonds are Outstanding and as long thereafter as necessary to comply with the Code and to assure the exclusion of interest, if any, on the Series 1999 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 1999 B Bonds which would cause any of the Series 1999 B 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 1999 B Bonds) so that the interest on the Series 1999 B 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 1999 B Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1999 B 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 Resolution.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 B Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1999 B Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such rebate amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required 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.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1999 B Bonds subject to rebate. The Issuer shall also furnish 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 Series 1999 B 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, if any, 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 Resolution, any supplemental resolution 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 Commission, the Depository Bank, the Registrar, the Paying Agent, 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; or

(4) If default occurs with respect to the Series 1999 Bonds.

B. Each of the following events shall constitute an "Event of Default" with respect to the Series 1999 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1999 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 1999 Bonds set forth in this Resolution, any supplemental resolution or in the Series 1999 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or 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 Notes.

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 this Resolution relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the 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 this Resolution 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, and provided further, that all rights and remedies of the Holders of the Series 1999 Bonds shall be senior and prior to the Holders of the Notes.

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 this Resolution and the Act, including, 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 Resolution and the Act.

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

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Resolution 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 Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any

subsequent 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 Resolution, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS AND NOTES

Section 10.01. Payment of Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Series 1999 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner set forth in the Bonds and/or this Resolution, then with respect to the Series 1999 Bonds only, this Resolution and the pledges of Net Revenues and other moneys and securities pledged under this Resolution and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1999 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 1999 Bonds from gross income for federal income tax purposes.

Section 10.02. Payment of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of the Notes, the principal of and interest, if any, due or to become due thereon, at the times and in the manner set forth in the Notes and/or this Resolution, then with respect to the Notes only, this Resolution and the pledges of grant and bond proceeds and other moneys and securities pledged under this Resolution, and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the 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, if any, on the Notes from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Resolution. Prior to issuance of the Series 1999 Bonds or the Notes, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1999 Bonds or the Notes, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or the Bonds shall be made without the consent in writing of the Registered Owners of the Notes or the 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, if any, 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 Resolution 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 1999 Bonds and the Notes, if any, from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution 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 Series 1999 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 and 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. Unless determined to be inapplicable to the Series 1999 Bonds, 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 Central Hampshire Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Series 1999 Bonds and the Notes to be issued;

(b) The respective maximum interest rates and terms of the Series 1999 Bonds and the Notes originally authorized hereby;

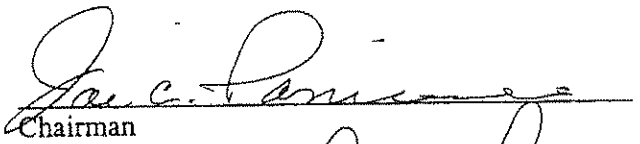
(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

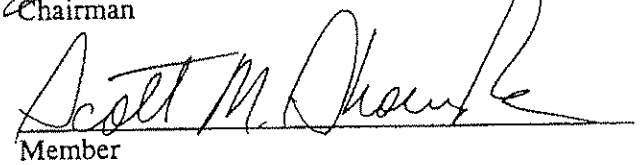
(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

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

Adopted this 20th day of April, 1999.



Chairman



Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the 20th day of April, 1999.

Dated: April 27, 1999.

[SEAL]

Secretary

04/13/99
135450/98001

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1999 A (West Virginia SRF Program) and
Series 1999 B (West Virginia Infrastructure Fund)
and
Sewerage System Bond Anticipation Notes,
Series 1999 (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 1999 A (WEST VIRGINIA SRF PROGRAM), SEWER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND) OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND NOTES AND THE SALE AND DELIVERY OF SUCH BONDS AND NOTES TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE NOTES.

WHEREAS, the Public Service Board (the "Governing Body") of Central Hampshire Public Service District (the "Issuer") has duly and officially adopted a bond and note resolution, effective April 27, 1999 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF A NEW PUBLIC SEWERAGE SYSTEM OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE

DISTRICT OF NOT MORE THAN $2,836,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), NOT MORE THAN $1,725,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $1,600,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS AND NOTES; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS AND NOTES; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES 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 1999 A (West Virginia SRF Program) (the "Series 1999 A Bonds"), Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund) (the "Series 1999 B Bonds") (collectively, the "Bonds"), and Sewerage System Bond Anticipation Notes, Series 1999 (West Virginia Infrastructure Fund) (the "Notes"), of the Issuer, in the respective aggregate principal amounts not to exceed $2,836,000, $1,725,000 and $1,600,000, and has authorized the execution and delivery of the loan agreement relating to the Series 1999 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Division of Environmental Protection (the "DEP"), the loan agreement relating to the Series 1999 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the loan agreement relating to the Notes, by and between the Issuer and the Authority, on behalf of the Council (collectively, the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2 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 Bonds and the Notes should be established by a supplemental resolution pertaining to the Bonds and the Notes; and that other matters relating to the Bonds and the Notes be herein provided for;

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

WHEREAS, the Bonds and the Notes 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 provision, the interest rate, the interest and principal payment dates and the sale price of the Bonds and the Notes be fixed hereby in the manner stated herein, and that other matters relating to the Bonds and the Notes be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF CENTRAL HAMPSHIRE 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 and notes of the Issuer:

A. The Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $2,836,000. The Series 1999 A Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2020, and shall bear no interest. The principal of the Series 1999 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2000, and ending September 1, 2020, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1999 A Bonds. The Series 1999 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 1999 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1% of the principal amount of the Series 1999 A Bonds set forth in "Schedule Y" attached to the Loan Agreement.

B. The Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,725,000. The Series 1999 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2039, and shall bear interest at the rate of 1% per annum. The interest on and principal of the Series 1999 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2020, and ending March 1, 2039, and in the amounts as set forth in "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 1999 B Bonds. The Series 1999 B 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, so long as the Authority shall be the registered owner of the Series 1999 B Bonds.

C. The Sewerage System Bond Anticipation Notes, Series 1999 (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Note, numbered R-1, in the principal amount of $1,600,000. The Notes shall be dated the date of delivery thereof, shall finally mature December 1, 2005, and shall bear no interest. The principal of the Notes shall be payable in annual installments of One Hundred Dollars ($100) on December 1 of each year, commencing December 1, 2000, with the entire outstanding principal amount payable in full on December 1, 2005. Notwithstanding the foregoing, if the SRF Program is amended prior to the maturity date of the Notes to permit the Authority and the DEP to authorize and make loans under the SRF Program for terms in excess of twenty years, the Authority, acting on behalf of the Council and upon providing reasonable written notice to the Issuer, may declare all or any portion of the outstanding principal amount of the Notes to be due and payable prior to maturity.

If, on the fortieth anniversary of the date of issuance of the Notes, the Issuer has not received any grants (other than grants from the West Virginia Infrastructure Fund) or other financial assistance for the System or issued any revenue bonds, refunding bonds, bond anticipation notes or other obligations to permanently finance the costs of the Project, then the Council shall authorize the Authority to convert the Notes to a grant and cancel the Notes; provided that, in no event shall an amount of the principal of the Notes greater than $489,000 be converted to a grant.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Authority. The price of the Bonds and the Notes

shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds and the Notes shall be advanced from time to time as requisitioned by the Issuer.

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

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

Section 6. The Issuer does hereby appoint and designate The First National Bank of Romney, Romney, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. Series 1999 A Bonds proceeds in the amount of -0- shall be deposited in the Series 1999 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 1999 A Bonds proceeds in the amount of -0- shall be deposited in the Series 1999 A Bonds Reserve Account.

Section 9. Series 1999 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1999 B Bonds Sinking Fund, as capitalized interest.

Section 10. Series 1999 B Bonds proceeds in the amount of -0- shall be deposited in the Series 1999 B Bonds Reserve Account.

Section 11. Series 1999 B Bonds proceeds in the amount of $314,304.50 shall be used to pay in full the outstanding principal of and interest, if any, on the loans from The First National Bank of Romney ($40,704.50), the loan from the Hampshire County Development Authority ($150,000), and the Sewerage System Design Notes, Series 1997 (West Virginia Infrastructure Fund) ($123,600).

Section 12. The balance of the proceeds of the Bonds and the Notes shall be deposited in or credited to the respective Bonds and Notes Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

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 and the Notes to be issued hereby and by the Resolution approved and provided for, to the end that the Bonds and the Notes may be delivered on or about April 27, 1999, to the Authority pursuant to the Loan Agreement.

Section 14. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds and the Notes are in the public interest, serves 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 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 moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia 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 Series 1999 B 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 1999 B 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 1999 B 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 20th day of April, 1999.

Chairman

Member

Member

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the 20th day of April, 1999.

Dated: April 27, 1999.

[SEAL]

Secretary

04/13/99
135450/98001

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund); Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund) and Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund)

BOND 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	2
Section 1.03	Bond Legislation Constitutes Contract	5
Section 1.04	Definitions	5
ARTICLE II		
AUTHORIZATION OF THE ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF CERTAIN BONDS AND NOTES		
Section 2.01	Authorization of the Acquisition and Construction of the Project	14
Section 2.02	Authorization of Refunding of the Series 1999 B Bonds	14
Section 2.03	Authorization of Refunding of Prior Notes	14

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

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 Position with Respect to Prior Bonds	18
Section 3.09	Delivery of Bonds	18
Section 3.10	Form of Bonds	19
	FORM OF SERIES 2005 A BOND	20
	FORM OF SERIES 2005 B BOND	28
	FORM OF SERIES 2005 C BOND	35
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreements	44
Section 3.12	Filing of Amended Schedule	44

ARTICLE IV
[RESERVED]

45

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	46
Section 5.02	Establishment of Funds and Accounts with Commission	46
Section 5.03	System Revenues; Flow of Funds	46

ARTICLE VI
BOND PROCEEDS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	52
Section 6.02	Disbursements from the Series 2005 Bonds Construction Trust Fund	53

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	54
Section 7.02	Bonds not to be Indebtedness of the Issuer	54
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds	54
Section 7.04	Initial Schedule of Rates and Charges	54
Section 7.05	Sale of the System	55
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	56
Section 7.07	Parity Bonds	56
Section 7.08	Books; Records and Audit	58
Section 7.09	Rates	60
Section 7.10	Operating Budget and Monthly Financial Report	61
Section 7.11	Engineering Services and Operating Personnel	61
Section 7.12	No Competing Franchise	62
Section 7.13	Enforcement of Collections	62
Section 7.14	No Free Services	62
Section 7.15	Insurance and Construction Bonds	63
Section 7.16	Mandatory Connections	65
Section 7.17	Completion of Project; Permits and Orders	65
Section 7.18	Tax Covenants	65
Section 7.19	Statutory Mortgage Lien	66
Section 7.20	Compliance with Loan Agreements and Law	67
Section 7.21	Securities Laws Compliance	67
Section 7.22	Contracts; Public Releases	67

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01	Investments	68
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds	68

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	70
Section 9.02	Remedies	70
Section 9.03	Appointment of Receiver	70

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	72

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	73
Section 11.02	Bond Legislation Constitutes Contract	73
Section 11.03	Severability of Invalid Provisions	73
Section 11.04	Headings, Etc.	73
Section 11.05	Conflicting Provisions Repealed	73
Section 11.06	Covenant of Due Procedure, Etc.	73
Section 11.07	Effective Date	73
	SIGNATURES	73
	CERTIFICATION	75
	EXHIBIT A	76
		77

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND THE SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND) OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT; AND AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,725,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); NOT MORE THAN $1,599,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND); AND NOT MORE THAN $220,203 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 C (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 THE LOAN AGREEMENTS 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 PUBLIC SERVICE BOARD OF CENTRAL HAMPSHIRE 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. Central Hampshire Public Service District (the "Issuer") is a public service district, a public corporation and political subdivision of the State of West Virginia in Hampshire 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, safety, advantage, convenience and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage system of the Issuer, consisting of certain additions and improvements to the Frenchburg Wastewater Treatment Plant, together with all appurtenant facilities (collectively, the "Project") (the existing public sewerage facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer has heretofore financed the acquisition and construction of certain additions, extensions and improvements to the System by issuance of several series of bonds, including the outstanding Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund), dated April 27, 1999, issued in the original aggregate principal amount of $1,725,000, of which approximately $1,725,000 is presently outstanding (the "Series 1999 B Bonds"). The Issuer hereby determines that it is necessary and desirable to currently refund and pay in full the Series 1999 B Bonds with proceeds of the Series 2005 A Bonds.

D. The Issuer has also heretofore temporarily financed the acquisition and construction of certain additions, extensions and improvements to the System by issuance of its Sewerage System Bond Anticipation Notes, Series 1999 (West Virginia Infrastructure Fund), dated April 27, 1999, issued in the original aggregate principal amount of $1,600,0000, of which $1,599,500 is presently outstanding (the "Prior Notes"). The Issuer hereby determines that it is necessary and desirable to permanently finance and pay in full the Prior Notes with proceeds of the Series 2005 B Bonds.

E. The Series 1999 B Bonds and the Prior Notes were issued pursuant to a resolution of the Issuer duly adopted on April 20, 1999, as supplemented by a supplemental resolution dated April 20, 1999 (collectively, the "Prior Resolution").

F. Pursuant to the Act, the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of refunding, paying or discharging all or any part of the outstanding Series 1999 B Bonds and the Prior Notes.

G. The Issuer intends to refund the Series 1999 B Bonds and the Prior Notes and permanently finance 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"), which administers the West Virginia Infrastructure Fund (the "Infrastructure Fund") for the West Virginia Infrastructure and Jobs Development Council (the "Council").

H. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, in three series (collectively, the "Series 2005 Bonds"), being the Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $1,725,000 (the "Series 2005 A Bonds") to refund the Series 1999 B Bonds; the Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), in the aggregate principal amount of $1,599,500 (the "Series 2005 B Bonds") to refund the Prior Notes; and the Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $220,203 (the "Series 2005 C Bonds"), to permanently finance the 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, if any, upon the Series 2005 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 respective Reserve Accounts (as hereinafter defined); costs of refunding the Series 1999 B Bonds and the Prior Notes; 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 2005 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the cost of acquisition and construction of the Project, 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 2005 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

J. It is in the best interests of the Issuer that the Series 2005 Bonds be sold to the Authority pursuant to the terms and provisions of the respective loan agreements by and between the Issuer and the Authority, on behalf of the Council, in forms satisfactory to the Issuer, the Authority and the Council (collectively, the "Loan Agreements") all of which are approved hereby if not previously approved by resolution of the Issuer.

K. Upon payment of the Series 1999 B Bonds and the Prior Notes, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 Bonds as to liens, pledge and source of and security for payment, being the Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated April 27, 1999, issued in the original aggregate principal amount of $2,836,000 (the "Prior Bonds").

Prior to the issuance of the Series 2005 Bonds, the Issuer will obtain (i) the 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 2005 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other 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 Resolution.

L. The estimated revenues to be derived in each year following completion of the Project and the refunding of the Series 1999 B Bonds and the Prior Notes from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 2005 Bonds and the Prior Bonds, and to make payments into all Sinking Funds, Reserve Accounts and other payments provided for herein, all as such terms are hereinafter defined.

M. The Issuer has complied with all requirements of West Virginia law and the Loan Agreements relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 2005 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 hereof by the 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 2005 Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 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 2005 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 2005 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.

"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 2005 Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Bond Year" means the 12-month period beginning on the anniversary of the Closing Date in each year and ending on the day prior to the anniversary date of the

Closing Date in the following year, except that the first Bond Year shall begin on the Closing Date.

"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 2005 Bonds for all or a portion of the proceeds of the Series 2005 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 Rummel, Klepper & Kahl, LLP, Keyser, West Virginia, or any qualified engineer or firm of engineers, licensed by the State, that shall at any time hereafter be procured by the Issuer as Consulting Engineers for the System or portion thereof, in accordance with Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended; provided however, that the Consulting Engineers shall not be a regular, full-time employee of the State or any of its agencies, commissions, or political subdivisions.

"Costs" or "Costs of the Project" means those costs described in Section 1.02H hereof to be a part of the cost of acquisition and construction of the Project and the cost of refunding the Series 1999 B Bonds and the Prior Notes.

"Council" means the West Virginia Infrastructure and Jobs Development Council or any other agency of the State of West Virginia 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 or Grants for the Project.

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, 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.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Loan Agreements" means, collectively, the Loan Agreements for each series of the Series 2005 Bonds by and between the Issuer and the Authority, on behalf of the Council, the forms 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 2005 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the respective Series 2005 Bonds Reserve Accounts. 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 2005 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 2005 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2005 Bonds.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such

other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2005 Bonds in the Supplemental Resolution with the written consent of the Authority and the Council.

"Prior Bonds" means the Issuer's Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), as described in Section 1.02K hereof.

"Prior Resolution" means the resolution adopted by the Issuer on April 20, 1999, as supplemented by the supplemental resolution of the Issuer, authorizing the issuance of the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that use as a member of the general public shall not be taken into account.

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

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended, including, without limitation, authorized pools of investments operated by such State Board of Investments; 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 established by the Prior Resolution and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2005 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts for the Series 2005 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 2005 Bonds" means, collectively, the Series 2005 A Bonds, the Series 2005 B Bonds and the Series 2005 C Bonds of the Issuer, authorized by this Resolution.

"Series 2005 Bonds Construction Trust Fund" means the Series 2005 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 A Bonds" means the Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 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 2005 A Bonds in the then current or any succeeding year.

"Series 2005 A Bonds Sinking Fund" means the Series 2005 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2005 B Bonds" means the Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2005 B Bonds Reserve Account" means the Series 2005 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 B Bonds in the then current or any succeeding year.

"Series 2005 B Bonds Sinking Fund" means the Series 2005 B Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2005 C Bonds" means the Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2005 C Bonds Reserve Account" means the Series 2005C Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 C Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 C Bonds in the then current or any succeeding year.

"Series 2005 C Bonds Sinking Fund" means the Series 2005 C Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2005 Bonds and the Prior Bonds.

"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 the Series 2005 Bonds; provided, that any matter intended by this Resolution to be included in

the Supplemental Resolution with respect to the Series 2005 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 Prior Bonds, the Series 2005 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 public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date adopted hereof.

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 THE ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF CERTAIN BONDS AND NOTES

Section 2.01. Authorization of the Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, including the refunding of the Series 1999 B Bonds and the Prior Notes, at an estimated cost of not to exceed $4,604,905 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 Series 2005 Bonds hereby authorized shall be applied as provided in Article VI hereof, respectively. 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.

Section 2.02. Authorization of Refunding of the Series 1999 B Bonds. There is hereby authorized and ordered the payment in full of the entire outstanding principal of and all accrued interest on the Series 1999 B Bonds on the Closing Date. The cost of the current refunding will be obtained from the proceeds of the Series 2005 A Bonds. Upon payment in full of the Series 1999 B Bonds, the pledge of revenues in favor of the holders of the Series 1999 B Bonds imposed by the Prior Resolution and the monies in the funds and accounts created by the Prior Resolution pledged to the payment of the Series 1999 B Bonds are hereby ordered terminated, discharged and released.

Section 2.03. Authorization of Refunding of Prior Notes. There is hereby authorized and ordered the payment in full of the entire outstanding principal of and all accrued interest on the Prior Notes on the Closing Date. The cost of the current refunding will be obtained from the proceeds of the Series 2005 B Bonds. Upon payment in full of the Prior Notes, the pledge of funds in favor of the holders of the Prior Notes imposed by the Prior Resolution and the monies in the funds and accounts created by the Prior Resolution pledged to the payment of the Prior Notes are hereby ordered terminated, discharged and released.

The estimated cost of the Project, including the refunding of the Series 1999 B Bonds and the Prior Notes, is estimated to be $4,604,905, of which approximately $1,725,000 will be obtained from the Series 2005 A Bonds, $1,599,500 will be obtained from the Series 2005 B Bonds, approximately $220,203 will be obtained from the Series 2005 C Bonds, a grant from the Council in the amount of $640,202, a grant from the West Virginia Development Office in the amount of $70,000, a grant from the West Virginia School Building Authority in the amount of $100,000, a grant from the Hampshire County Development Authority in the amount of $250,000.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2005 Bonds, refunding the Series 1999 B Bonds and the Prior Notes, fully or partially funding the reserve accounts for the Series 2005 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2005 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 2005 Bonds of the Issuer. The Series 2005 Bonds shall be issued in three series. The Series 2005 A Bonds shall be issued as a single bond, designated as "Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund)," in an aggregate principal amount of not more than $1,725,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2005 B Bonds shall be issued as a single bond, designated as "Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), in an aggregate amount of not more than $1,599,500, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The Series 2005 C Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund),"in an aggregate principal amount of not more than $220,203, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the respective Series 2005 Bonds remaining after funding of the respective Series 2005 Bonds Reserve Accounts (if funded from Bond proceeds), capitalizing interest on the respective Series 2005 Bonds, if any, shall be deposited in or credited to the Series 2005 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 2005 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 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 respective Loan Agreements. The Series 2005 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 2005 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 respective Series 2005 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each respective series of Series 2005 Bonds, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2005 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 denominations as determined by a Supplemental Resolution. Such Bonds shall be dated and shall have such terms as set forth in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2005 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 2005 Bonds shall cease to be such officer of the Issuer before the Series 2005 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 2005 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 2005 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 2005 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 2005 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 2005 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 2005 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, register 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 2005 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 respective Series 2005 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the respective Series 2005 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 2005 Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on the 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 on and other payments for the Series 2005 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 2005 Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 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 each series of Series 2005 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, register and deliver the respective Series 2005 Bonds to the original purchasers;

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

D. Executed copies of the Loan Agreements; and

E. The unqualified approving opinion of bond counsel on the Series 2005 Bonds.

Section 3.10. Form of Bonds. The text of the respective Series 2005 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 2005 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REFUNDING BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this _____ day of _____, 2005, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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, 200___, 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 between the Issuer and the Authority, on behalf of the Council, dated _____, 2005.

This Bond is issued (i) to pay in full the entire outstanding principal of and all accrued interest on the Issuer's Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund) (the "Series 1999 B Bonds"); and (ii) 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 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 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 _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (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 RESPECTS WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,836,000; (2) SEWER REFUNDING BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,599,500; AND (3) SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $220,203 (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 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 2005 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 First Lien Bonds; provided however, that so long as there exists in the Series 2005 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 First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia (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 monies 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 refunding the Series 1999 B Bonds 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, CENTRAL HAMPSHIRE 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 above written.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 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: _____, 2005.

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:

_____

(FORM OF SERIES 2005 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REFUNDING BOND, SERIES 2005 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this _____ day of _____, 2005, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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, 200___, 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 between the Issuer and the Authority, on behalf of the Council, dated _____, 2005.

This Bond is issued (i) to pay in full the entire outstanding principal of and all accrued interest on the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 (West Virginia Infrastructure Fund) (the "Prior Notes"); and (ii) 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 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 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 _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (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 RESPECTS WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,836,000; (2) SEWER REFUNDING BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,725,000; AND (3) SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $220,203 (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 2005 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and

all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia (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 monies 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 refunding the Prior Notes 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, CENTRAL HAMPSHIRE 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 above written.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2005.

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:

_____

(FORM OF SERIES 2005 C BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. CR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this _____ day of _____, 2005, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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, 200___, 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 between the Issuer and the Authority, on behalf of the Council, dated _____, 2005.

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"); and (ii) 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 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 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 _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (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 RESPECTS WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,836,000; (2) SEWER REFUNDING BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,725,00; AND (3) SEWER REFUNDING BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,599,500 (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 C 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 2005 C 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 First Lien Bonds; provided however, that so long as there exists in the Series 2005 C 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 First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia (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 monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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, CENTRAL HAMPSHIRE 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 above written.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 C 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: _____, 2005.

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 Agreements. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved. The Series 2005 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreements 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 Agreements to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Council and the Authority a schedule for the Series 2005 Bonds, 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 (or continued if previously established by the Prior Resolution) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

(1) Revenue Fund (established by the Prior Resolution);

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

(3) Series 2005 Bonds Construction Trust Fund.

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

(1) Series 2005 A Bonds Sinking Fund;

(2) Series 2005 A Bonds Reserve Account;

(2) Series 2005 B Bonds Sinking Fund;

(3) Series 2005 B Bonds Reserve Account;

(4) Series 2005 C Bonds Sinking Fund; and

(5) Series 2005 C 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. All revenues 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 all Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Sinking Fund for the Prior Bonds, the amounts required to pay principal of the Prior Bonds as required by the Prior Resolution; (ii) commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 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 2005 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; (iii) commencing 3 months prior to the first date of payment of principal of the Series 2005 B Bonds, for deposit in the Series 2005 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iv) commencing 3 months prior to the first date of payment of principal of the Series 2005 C Bonds, for deposit in the Series 2005 C Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 C 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 2005 C Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Commission (i) for deposit in the Reserve Account for the Prior Bonds, if not fully funded, the amounts required by the Prior Resolution to be deposited in the Reserve Account for the Prior Bonds; and (ii) on the dates set forth in the Supplemental Resolution (a) for deposit in the Series 2005 A Bonds Reserve

Account, an amount equal to the Series 2005 A Bonds Reserve Requirement; (b) for deposit in the Series 2005 B Bonds Reserve Account, an amount equal to the Series 2005 B Bonds Reserve Requirement; and (c) for deposit in the Series 2005 C Bonds Reserve Account, an amount equal to the Series 2005 C Bonds Reserve Requirement. After the respective Series 2005 Bonds Reserve Accounts are fully funded on the dates set forth in the Supplemental Resolution, no further payments shall be made into the respective Series 2005 Bonds Reserve Accounts when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the respective Series 2005 Bonds Reserve Requirement. In the event any amount is withdrawn from any of the Series 2005 Bonds Reserve Account, the Issuer shall transfer from the Revenue Fund and restore the deficient Series 2005 Bonds Reserve Account to an amount equal to the Series 2005 Bonds Reserve Requirement.

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

Monies in the Series 2005 A Bonds Sinking Fund, Series 2005 B Bonds Sinking Fund and the Series 2005 C Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds, Series 2005 B Bonds and the Series 2005 C Bonds, respectively, as the same shall become due. Monies in the Series 2005 A Bonds Reserve Account, Series 2005 B Bonds Reserve Account and the Series 2005 C Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2005 A Bonds, Series 2005 B Bonds and the Series 2005 C Bonds, respectively, as the same shall come due, when other monies in the Series 2005 A Bonds Sinking Fund, Series 2005 B Bonds Sinking Fund and the Series 2005 C Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund and the Series 2005 B Bonds Reserve Account, the Series 2005 C Bonds Sinking Fund and the Series 2005 C 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 2005 Bonds Construction Trust Fund, and following completion thereof, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2005 Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Reserve Account, and the 2005 C Bonds Reserve Account which result in a reduction in the balance of such accounts to below the respective Reserve Requirements thereof, shall be 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 2005 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the respective Series 2005 Bonds Sinking Funds or the respective Series 2005 Bonds Reserve Accounts therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2005 Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve account payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2005 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the respective Series 2005 Bonds Sinking Funds and the respective Series 2005 Bonds Reserve Accounts 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 any time, the Issuer shall make the necessary arrangements whereby required payments into the Series 2005 Bonds Sinking Funds and the respective Series 2005 Bonds Reserve Accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the respective Series 2005 Bonds Sinking Funds and the respective Series 2005 Bonds Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund, the Series 2005 B Bonds Reserve Account, the Series 2005 C Bonds Sinking Fund and the Series 2005 C Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2005 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.

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

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

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

F. The monies in excess of the maximum amounts insured by FDIC in any of the 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 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.

ARTICLE VI

BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. A. From the monies received from the sale of the Series 2005 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2005 A Bonds, there shall be deposited with the Commission in the Series 2005 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2005 A Bonds Reserve Account.

(b) Next, from the proceeds of the Series 2005 A Bonds, there shall be deposited with the Commission an amount sufficient to pay in full the entire outstanding principal of and all accrued interest on the Series 1999 B Bonds on the Closing Date.

B. From the monies received from the sale of the Series 2005 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2005 B Bonds, there shall be deposited with the Commission in the Series 2005 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2005 B Bonds Reserve Account.

(b) Next, from the proceeds of the Series 2005 B Bonds, there shall be deposited with the Commission an amount sufficient to pay in full the entire outstanding principal of and all accrued interest on the Prior Notes on the Closing Date.

C. From the monies received from the sale of the Series 2005 C Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

(a) From the proceeds of the Series 2005 C Bonds, there shall be deposited with the Commission in the Series 2005 C Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

(b) Next, from the proceeds of the Series 2005 C Bonds, there shall be deposited with the Commission in the Series 2005 C Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2005 C Bonds Reserve Account.

(c) As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 C Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 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 2005 C Bonds.

(d) 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 2005 C Bonds shall be used as directed by the Council.

Section 6.02. Disbursements from the Series 2005 Bonds Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred on the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2005 Bonds Construction Trust Fund shall be made only after submission to, and approval from, the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, 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 then due and owing.

Pending such application, monies in the Series 2005 Bonds 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 2005 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.

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 Series 2005 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 2005 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 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 2005 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2005 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 2005 Bonds shall be secured by a first lien on the Net Revenues derived from the System on a parity with the lien on the 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 on and other payments for the Series 2005 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 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges , with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreements. 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 February 15, 2005, in Case No. 04-1070-PSD-ECN, and such rates are hereby adopted.

So long as the Series 2005 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 Agreements. In the event the schedule of rates and charges initially established for the System in connection with the Series 2005 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreements, 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 required sums set forth in this Bond Legislation and the Loan Agreements.

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 or encumber the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2005 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 immediately be remitted to the Commission for deposit in the respective Series 2005 Bonds Sinking Fund, and, with the written permission of the Authority and the Council, 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 respective Series 2005 Bonds. Any balance remaining after the payment of the respective Series 2005 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 $10,000, the Issuer shall, by resolution, duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, 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 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, or their duly authorized representatives, 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 2005 Bonds. All obligations issued by the Issuer after the issuance of the Series 2005 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 2005 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 2005 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 2005 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 Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council 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 2005 Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition, or 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 issuance of such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues 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 delivery 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 2005 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 2005 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 cost of designing, 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 it may reasonably require in connection with the design, acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and

correct entries shall be made of all transactions relating to the System, and any 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 Council and Authority, or any other original purchaser of the respective Series 2005 Bonds, and shall mail in each year to any Holder or Holders of the respective Series 2005 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 in compliance with the applicable OMB Circular or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, 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 2005 Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2005 Bonds. Such audit report submitted to the Council and the Authority 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, descries the instances of noncompliance and the audited financial statements shall include a statement that notes

whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreements 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 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 Council and the Authority, or their agents and representatives, with access to the System site and facilities, as may be reasonably necessary to accomplish all of the powers and rights of the Council and the Authority with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2005 Bonds, 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 the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit in the respective Series 2005 Bonds Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2005 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 2005 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the

Series 2005 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 Council and 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 a professional engineer which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Council and the Authority 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 Council and the Authority and to any Holder of any Bonds, or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 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 Agreements, and forward a copy of such report to the Council and the Authority 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 Agreements, 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 Agreements.

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 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 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 will use diligent efforts to enter into a termination agreement with the provider of such water, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all its rules, regulations and orders.

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 2005 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 Agreements, 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 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 Council and the Authority. In the event the Loan Agreements so require, 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. The Issuer shall verify such insurance prior to commencement of construction.

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

The Issuer has obtained all permits required by state and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the 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 2005 Bonds required by state law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. 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 2005 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 2005 Bonds during the term thereof is, under the terms of the Series 2005 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 2005 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 2005 Bonds during the term thereof is, under the terms of the Series 2005 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 2005 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 2005 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 2005 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 2005 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer shall timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2005 Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer shall 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 2005 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 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2005 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 2005 Bonds, provided however, that the statutory mortgage lien of the Series 2005 Bonds shall be on a parity with the statutory mortgage lien of the Prior Bonds.

Section 7.20. Compliance with Loan Agreements and Law. The Issuer shall perform, satisfy and comply with all the terms, conditions and requirements of the Loan Agreements 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 Council and the Authority 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 2005 Bonds 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 2005 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 2005 Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by 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 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 may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2005 Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2005 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 2005 Bonds as a condition to issuance of the Series 2005 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 2005 Bonds as may be necessary in order to maintain the status of the Series 2005 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 2005 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 2005 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 2005 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 2005 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest on the Series 2005 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 2005 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 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;

(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 Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 2005 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 Series 2005 Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2005 Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2005 Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the holders of the Series 2005 Bonds shall be on a parity with the of the holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 2005 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 Series

2005 Bonds, any Registered Owner of a Series 2005 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 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 Series 2005 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 Series 2005 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 Series 2005 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 Series 2005 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 cause to be paid, or there shall otherwise be paid, to the Holders of the Series 2005 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 2005 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 2005 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 2005 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 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 2005 Bonds shall be made without the consent in writing of the Registered Owners of the Series 2005 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the Series 2005 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 the Series 2005 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 2005 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 2005 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 2005 Bonds.

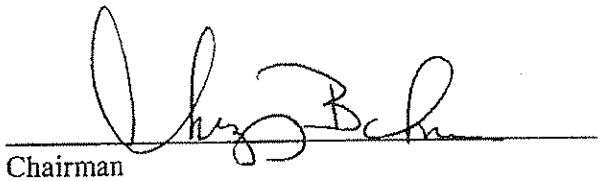
Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed; Prior Resolution. 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 Bond Legislation and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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 at 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. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 8th day of March, 2005.



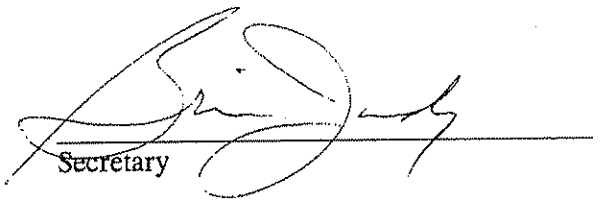
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the 8th day of March, 2005.

Dated: March 11, 2005.

[SEAL]



Secretary

EXHIBIT A

Loan Agreements included in bond transcript as Document 3 and 4.

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Sewer Refunding Bonds, Series 2005 A,
Sewer Refunding Bonds, Series 2005 B and
Sewer Revenue Bonds, Series 2005 C
(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 REFUNDING BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), SEWER REFUNDING BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND), AND SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA INFRASTRUCTURE FUND) OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING 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 Central Hampshire Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective March 8, 2005 (the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND) AND THE SEWERAGE SYSTEM BOND ANTICIPATION NOTES, SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND) OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT; AND AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,725,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND); NOT MORE THAN $1,599,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REFUNDING BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND); AND NOT MORE THAN $220,203 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 C (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 THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, all 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 Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund) (the "Series 2005 A Bonds"), Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund) (the "Series 2005 B Bonds"), and the Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund) (the "Series 2005 C Bonds" and collectively with the Series 2005 A Bonds, the "Series 2005 Bonds"), of the Issuer, in the aggregate principal amount not to exceed $1,725,000,

$1,599,500 and $220,203, respectively, and has authorized the execution and delivery of the loan agreements relating to the Series 2005 Bonds, including all schedules and exhibits attached thereto (collectively, the "Loan Agreements"), 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"), 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 Agreements 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 2005 Bonds should be established by a supplemental resolution pertaining to the Series 2005 Bonds; and that other matters relating to the Series 2005 Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreements 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 2005 Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2005 Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF CENTRAL HAMPSHIRE 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:

(A) Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,725,000. The Series 2005 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2039, and shall bear no interest. The principal of the Series 2005 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2020, in the amounts set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the

Series 2005 A Bonds. The Series 2005 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, so long as the Authority shall be the registered owner of the Series 2005 A Bonds.

(B) Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,599,500. The Series 2005 B Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2039, and shall bear no interest. The principal of the Series 2005 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, in the amounts set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 B Bonds. The Series 2005 B 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, so long as the Authority shall be the registered owner of the Series 2005 B Bonds.

(C) Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered CR-1, in the principal amount of $220,203. The Series 2005 C Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2045, and shall bear no interest. The principal of the Series 2005 C Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing September 1, 2006, in the amounts set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2005 C Bonds. The Series 2005 C Bonds shall be subject to redemption upon the written consent of the Authority and Council, and upon payment of 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 2005 C Bonds.

Section 2. All other provisions relating to the Series 2005 Bonds and the text of the respective Series 2005 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 Agreements incorporated herein by reference, and the execution and delivery of the Loan Agreements 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 Agreements and in the applications to the Authority and the Council. The price of the Series 2005 Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2005 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 2005 Bonds under the Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Series 2005 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 2005 Bonds under the Resolution.

Section 6. The Issuer does hereby appoint and designate FNB Bank, Inc., Romney, West Virginia, to serve as Depository Bank under the Resolution.

Section 7. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 9. Series 2005 A Bonds proceeds in the amount of $1,725,000 shall be deposited in the Series 1999 B Bonds Sinking Fund held by the Commission to pay in full the entire outstanding principal of and all accrued interest on the Series 1999 B Bonds on the Closing Date.

Section 10. Series 2005 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 B Bonds Sinking Fund, as capitalized interest.

Section 11. Series 2005 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 B Bonds Reserve Account.

Section 12. Series 2005 B Bonds proceeds in the amount of $1,599,500 shall be deposited in the Notes Payment Fund held by the Commission to pay in full the entire outstanding principal of and all accrued interest on the Prior Notes on the Closing Date.

Section 13. Series 2005 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 C Bonds Sinking Fund, as capitalized interest.

Section 14. Series 2005 C Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 C Bonds Reserve Account.

Section 15. The balance of the proceeds of the Series 2005 C Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2005 Bonds Construction Trust Fund and applied to the payment of the costs of the Project, including, without limitation, costs of issuance thereof and related costs.

Section 16. The Issuer does hereby authorize and approve the use of the proceeds from the Hampshire County Development Authority Grant (the "Grant") to fund the designated Reserve Accounts as follows:

(a) On the Closing Date, $77,527 from the Grant shall be deposited with the Commission in the Series 1999 A Bonds Reserve Account, which together with the current balance of $64,273, will fully fund such account at $141,800.

On September 1, 2020, after the Series 1999 A Bonds have been paid in full, the $141,800 in the Series 1999 A Bonds Reserve Account shall be transferred by the Commission into the following accounts: (i) $93,244 into the Series 2005 A Bonds Reserve Account, which will fully fund such account; and (ii) $44,286 into the Series 2005 B Bonds Reserve Account, which will fully fund such account.

(b) On the Closing Date, $25,595 from the Grant shall be deposited with the Commission in the Series 2005 B Bonds Reserve Account, which together with the $44,286 to be deposited on September 1, 2020, after the payment of the Series 1999 A Bonds, will fully fund such account.

(c) On the Closing Date, $5,683 from the Grant shall be deposited with the Commission in the Series 2005 C Bonds Reserve Account, which will fully fund such account.

Section 17. 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 2005 Bonds to be issued hereby and by the Resolution approved and provided for, to the end that the Series 2005 Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about March 11, 2005.

Section 18. The current refunding of the Series 1999 B Bonds and the Prior Notes, the acquisition and construction of the Project and the financing thereof with proceeds of the Series 2005 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.

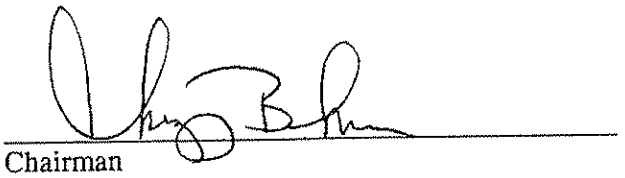
Section 19. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and 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 respective Sinking Funds and Reserve Accounts for the Series 2005 Bonds shall be invested by the Commission in the West Virginia Consolidated Fund.

Section 20. The Issuer hereby approves and accepts all contracts relating to the financing, acquisition and construction of the Project and the Chairman is hereby authorized and directed to execute and deliver all such contracts.

Section 21. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 8th day of March, 2005.



Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the 8th day of March, 2005.

Dated: March 11, 2005.

[SEAL]

Secretary

03/04/05
135450.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REFUNDING BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,725,000

KNOW ALL MEN BY THESE PRESENTS: That on this 11th day of March, 2005, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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 SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($1,725,000), 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, 2020, 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 between the Issuer and the Authority, on behalf of the Council, dated March 11, 2005.

This Bond is issued (i) to pay in full on the date hereof the entire outstanding principal of and all accrued interest on the Issuer's Sewer Revenue Bonds, Series 1999 B (West Virginia Infrastructure Fund) (the "Series 1999 B Bonds"); and (ii) 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 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 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 March 8, 2005, and a Supplemental Resolution duly adopted by the Issuer on March 8, 2005 (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 RESPECTS WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,836,000; (2) SEWER REFUNDING BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,599,500; AND (3) SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $220,203 (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 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 2005 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 First Lien Bonds; provided however, that so long as there exists in the Series 2005 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 First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia (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 monies 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 refunding the Series 1999 B Bonds 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, CENTRAL HAMPSHIRE 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 above written.

[SEAL]

SPECIMEN

Chairman

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 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: March 11, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 1,725,000	March 11, 2005	(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 $ 1,725,000

EXHIBIT B

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/1999	-	-	-
09/01/1999	-	-	-
12/01/1999	-	-	-
03/01/2000	-	-	-
06/01/2000	-	-	-
09/01/2000	-	-	-
12/01/2000	-	-	-
03/01/2001	-	-	-
06/01/2001	-	-	-
09/01/2001	-	-	-
12/01/2001	-	-	-
03/01/2002	-	-	-
06/01/2002	-	-	-
09/01/2002	-	-	-
12/01/2002	-	-	-
03/01/2003	-	-	-
06/01/2003	-	-	-
09/01/2003	-	-	-
12/01/2003	-	-	-
03/01/2004	-	-	-
06/01/2004	-	-	-
09/01/2004	-	-	-
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	-	-	-
03/01/2007	-	-	-
06/01/2007	-	-	-
09/01/2007	-	-	-
12/01/2007	-	-	-
03/01/2008	-	-	-
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	-	-	-
03/01/2010	-	-	-

Date	Principal	Coupon	Total P+I
06/01/2010	-	-	-
09/01/2010	-	-	-
12/01/2010	-	-	-
03/01/2011	-	-	-
06/01/2011	-	-	-
09/01/2011	-	-	-
12/01/2011	-	-	-
03/01/2012	-	-	-
06/01/2012	-	-	-
09/01/2012	-	-	-
12/01/2012	-	-	-
03/01/2013	-	-	-
06/01/2013	-	-	-
09/01/2013	-	-	-
12/01/2013	-	-	-
03/01/2014	-	-	-
06/01/2014	-	-	-
09/01/2014	-	-	-
12/01/2014	-	-	-
03/01/2015	-	-	-
06/01/2015	-	-	-
09/01/2015	-	-	-
12/01/2015	-	-	-
03/01/2016	-	-	-
06/01/2016	-	-	-
09/01/2016	-	-	-
12/01/2016	-	-	-
03/01/2017	-	-	-
06/01/2017	-	-	-
09/01/2017	-	-	-
12/01/2017	-	-	-
03/01/2018	-	-	-
06/01/2018	-	-	-
09/01/2018	-	-	-
12/01/2018	-	-	-
03/01/2019	-	-	-
06/01/2019	-	-	-
09/01/2019	-	-	-
12/01/2019	-	-	-
03/01/2020	-	-	-
06/01/2020	-	-	-
09/01/2020	-	-	-
12/01/2020	23,310.82	-	23,310.82
03/01/2021	23,310.82	-	23,310.82

Date	Principal	Coupon	Total P+I
06/01/2021	23,310.82	-	23,310.82
09/01/2021	23,310.82	-	23,310.82
12/01/2021	23,310.82	-	23,310.82
03/01/2022	23,310.82	-	23,310.82
06/01/2022	23,310.81	-	23,310.81
09/01/2022	23,310.81	-	23,310.81
12/01/2022	23,310.81	-	23,310.81
03/01/2023	23,310.81	-	23,310.81
06/01/2023	23,310.81	-	23,310.81
09/01/2023	23,310.81	-	23,310.81
12/01/2023	23,310.81	-	23,310.81
03/01/2024	23,310.81	-	23,310.81
06/01/2024	23,310.81	-	23,310.81
09/01/2024	23,310.81	-	23,310.81
12/01/2024	23,310.81	-	23,310.81
03/01/2025	23,310.81	-	23,310.81
06/01/2025	23,310.81	-	23,310.81
09/01/2025	23,310.81	-	23,310.81
12/01/2025	23,310.81	-	23,310.81
03/01/2026	23,310.81	-	23,310.81
06/01/2026	23,310.81	-	23,310.81
09/01/2026	23,310.81	-	23,310.81
12/01/2026	23,310.81	-	23,310.81
03/01/2027	23,310.81	-	23,310.81
06/01/2027	23,310.81	-	23,310.81
09/01/2027	23,310.81	-	23,310.81
12/01/2027	23,310.81	-	23,310.81
03/01/2028	23,310.81	-	23,310.81
06/01/2028	23,310.81	-	23,310.81
09/01/2028	23,310.81	-	23,310.81
12/01/2028	23,310.81	-	23,310.81
03/01/2029	23,310.81	-	23,310.81
06/01/2029	23,310.81	-	23,310.81
09/01/2029	23,310.81	-	23,310.81
12/01/2029	23,310.81	-	23,310.81
03/01/2030	23,310.81	-	23,310.81
06/01/2030	23,310.81	-	23,310.81
09/01/2030	23,310.81	-	23,310.81
12/01/2030	23,310.81	-	23,310.81
03/01/2031	23,310.81	-	23,310.81
06/01/2031	23,310.81	-	23,310.81
09/01/2031	23,310.81	-	23,310.81
12/01/2031	23,310.81	-	23,310.81
03/01/2032	23,310.81	-	23,310.81

Date	Principal	Coupon	Total P+I
06/01/2032	23,310.81	-	23,310.81
09/01/2032	23,310.81	-	23,310.81
12/01/2032	23,310.81	-	23,310.81
03/01/2033	23,310.81	-	23,310.81
06/01/2033	23,310.81	-	23,310.81
09/01/2033	23,310.81	-	23,310.81
12/01/2033	23,310.81	-	23,310.81
03/01/2034	23,310.81	-	23,310.81
06/01/2034	23,310.81	-	23,310.81
09/01/2034	23,310.81	-	23,310.81
12/01/2034	23,310.81	-	23,310.81
03/01/2035	23,310.81	-	23,310.81
06/01/2035	23,310.81	-	23,310.81
09/01/2035	23,310.81	-	23,310.81
12/01/2035	23,310.81	-	23,310.81
03/01/2036	23,310.81	-	23,310.81
06/01/2036	23,310.81	-	23,310.81
09/01/2036	23,310.81	-	23,310.81
12/01/2036	23,310.81	-	23,310.81
03/01/2037	23,310.81	-	23,310.81
06/01/2037	23,310.81	-	23,310.81
09/01/2037	23,310.81	-	23,310.81
12/01/2037	23,310.81	-	23,310.81
03/01/2038	23,310.81	-	23,310.81
06/01/2038	23,310.81	-	23,310.81
09/01/2038	23,310.81	-	23,310.81
12/01/2038	23,310.81	-	23,310.81
03/01/2039	23,310.81	-	23,310.81
Total	**$1,725,000.00**	-	**$1,725,000.00**

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: _____, _____.

_____

SPECIMEN

In the presence of:

_____

03/07/05
135450.00001

SPECIMEN

STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REFUNDING BOND, SERIES 2005 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $1,599,500

KNOW ALL MEN BY THESE PRESENTS: That on this 11th day of March, 2005, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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 FIVE HUNDRED NINETY NINE THOUSAND FIVE HUNDRED DOLLARS ($1,599,500), 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 September 1, 2006, 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 between the Issuer and the Authority, on behalf of the Council, dated March 11, 2005.

This Bond is issued (i) to pay in full on the date hereof the entire outstanding principal of and all accrued interest on the Issuer's Sewerage System Bond Anticipation Notes, Series 1999 (West Virginia Infrastructure Fund) (the "Prior Notes"); and (ii) 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 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 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 March 8, 2005, and a Supplemental Resolution duly adopted by the Issuer on March 8, 2005 (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 RESPECTS WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,836,000; (2) SEWER REFUNDING BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL PRINCIPAL AMOUNT OF $1,725,000; AND (3) SEWER REVENUE BONDS, SERIES 2005 C (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $220,203 (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and 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 2005 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve Account an amount at least equal to the maximum amount of

principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia (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 monies 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 refunding the Prior Notes 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, CENTRAL HAMPSHIRE 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 above written.

[SEAL]

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 11, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 1,599,500	March 11, 2005	(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 $ 1,599,500

EXHIBIT B

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/1999	-	-	-
09/01/1999	-	-	-
12/01/1999	-	-	-
03/01/2000	-	-	-
06/01/2000	-	-	-
09/01/2000	-	-	-
12/01/2000	-	-	-
03/01/2001	-	-	-
06/01/2001	-	-	-
09/01/2001	-	-	-
12/01/2001	-	-	-
03/01/2002	-	-	-
06/01/2002	-	-	-
09/01/2002	-	-	-
12/01/2002	-	-	-
03/01/2003	-	-	-
06/01/2003	-	-	-
09/01/2003	-	-	-
12/01/2003	-	-	-
03/01/2004	-	-	-
06/01/2004	-	-	-
09/01/2004	-	-	-
12/01/2004	-	-	-
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	5,381.00	-	5,381.00
12/01/2006	5,381.00	-	5,381.00
03/01/2007	5,381.00	-	5,381.00
06/01/2007	5,381.00	-	5,381.00
09/01/2007	5,381.00	-	5,381.00
12/01/2007	5,381.00	-	5,381.00
03/01/2008	5,381.00	-	5,381.00
06/01/2008	5,381.00	-	5,381.00
09/01/2008	5,381.00	-	5,381.00
12/01/2008	5,381.00	-	5,381.00
03/01/2009	5,381.00	-	5,381.00
06/01/2009	5,381.00	-	5,381.00
09/01/2009	5,381.00	-	5,381.00
12/01/2009	5,381.00	-	5,381.00
03/01/2010	5,381.00	-	5,381.00

Date	Principal	Coupon	Total P+I
06/01/2010	5,381.00	-	5,381.00
09/01/2010	5,381.00	-	5,381.00
12/01/2010	5,381.00	-	5,381.00
03/01/2011	5,381.00	-	5,381.00
06/01/2011	5,381.00	-	5,381.00
09/01/2011	5,381.00	-	5,381.00
12/01/2011	5,381.00	-	5,381.00
03/01/2012	5,381.00	-	5,381.00
06/01/2012	5,381.00	-	5,381.00
09/01/2012	5,381.00	-	5,381.00
12/01/2012	5,381.00	-	5,381.00
03/01/2013	5,381.00	-	5,381.00
06/01/2013	5,381.00	-	5,381.00
09/01/2013	5,381.00	-	5,381.00
12/01/2013	5,381.00	-	5,381.00
03/01/2014	5,381.00	-	5,381.00
06/01/2014	5,381.00	-	5,381.00
09/01/2014	5,381.00	-	5,381.00
12/01/2014	5,381.00	-	5,381.00
03/01/2015	5,381.00	-	5,381.00
06/01/2015	5,381.00	-	5,381.00
09/01/2015	5,381.00	-	5,381.00
12/01/2015	5,381.00	-	5,381.00
03/01/2016	5,381.00	-	5,381.00
06/01/2016	5,381.00	-	5,381.00
09/01/2016	5,381.00	-	5,381.00
12/01/2016	5,381.00	-	5,381.00
03/01/2017	5,381.00	-	5,381.00
06/01/2017	5,381.00	-	5,381.00
09/01/2017	5,381.00	-	5,381.00
12/01/2017	5,381.00	-	5,381.00
03/01/2018	5,381.00	-	5,381.00
06/01/2018	5,381.00	-	5,381.00
09/01/2018	5,381.00	-	5,381.00
12/01/2018	5,381.00	-	5,381.00
03/01/2019	5,381.00	-	5,381.00
06/01/2019	5,381.00	-	5,381.00
09/01/2019	5,381.00	-	5,381.00
12/01/2019	5,381.00	-	5,381.00
03/01/2020	5,381.00	-	5,381.00
06/01/2020	5,381.00	-	5,381.00
09/01/2020	5,381.00	-	5,381.00
12/01/2020	17,470.04	-	17,470.04
03/01/2021	17,470.04	-	17,470.04

Date	Principal	Coupon	Total P+I
06/01/2021	17,470.04	-	17,470.04
09/01/2021	17,470.04	-	17,470.04
12/01/2021	17,470.04	-	17,470.04
03/01/2022	17,470.04	-	17,470.04
06/01/2022	17,470.04	-	17,470.04
09/01/2022	17,470.04	-	17,470.04
12/01/2022	17,470.04	-	17,470.04
03/01/2023	17,470.04	-	17,470.04
06/01/2023	17,470.04	-	17,470.04
09/01/2023	17,470.04	-	17,470.04
12/01/2023	17,470.04	-	17,470.04
03/01/2024	17,470.04	-	17,470.04
06/01/2024	17,470.04	-	17,470.04
09/01/2024	17,470.04	-	17,470.04
12/01/2024	17,470.04	-	17,470.04
03/01/2025	17,470.04	-	17,470.04
06/01/2025	17,470.04	-	17,470.04
09/01/2025	17,470.04	-	17,470.04
12/01/2025	17,470.04	-	17,470.04
03/01/2026	17,470.04	-	17,470.04
06/01/2026	17,470.04	-	17,470.04
09/01/2026	17,470.04	-	17,470.04
12/01/2026	17,470.04	-	17,470.04
03/01/2027	17,470.04	-	17,470.04
06/01/2027	17,470.04	-	17,470.04
09/01/2027	17,470.04	-	17,470.04
12/01/2027	17,470.04	-	17,470.04
03/01/2028	17,470.04	-	17,470.04
06/01/2028	17,470.04	-	17,470.04
09/01/2028	17,470.04	-	17,470.04
12/01/2028	17,470.04	-	17,470.04
03/01/2029	17,470.04	-	17,470.04
06/01/2029	17,470.04	-	17,470.04
09/01/2029	17,470.04	-	17,470.04
12/01/2029	17,470.04	-	17,470.04
03/01/2030	17,470.04	-	17,470.04
06/01/2030	17,470.04	-	17,470.04
09/01/2030	17,470.04	-	17,470.04
12/01/2030	17,470.04	-	17,470.04
03/01/2031	17,470.04	-	17,470.04
06/01/2031	17,470.04	-	17,470.04
09/01/2031	17,470.04	-	17,470.04
12/01/2031	17,470.04	-	17,470.04
03/01/2032	17,470.04	-	17,470.04

Date	Principal	Coupon	Total P+I
		-	17,470.04
06/01/2032	17,470.04	-	17,470.04
09/01/2032	17,470.04	-	17,470.04
12/01/2032	17,470.04	-	17,470.04
03/01/2033	17,470.04	-	17,470.04
06/01/2033	17,470.04	-	17,470.04
09/01/2033	17,470.04	-	17,470.04
12/01/2033	17,470.04	-	17,470.04
03/01/2034	17,470.04	-	17,470.04
06/01/2034	17,470.04	-	17,470.04
09/01/2034	17,470.04	-	17,470.04
12/01/2034	17,470.04	-	17,470.04
03/01/2035	17,470.04	-	17,470.04
06/01/2035	17,470.04	-	17,470.04
09/01/2035	17,470.04	-	17,470.04
12/01/2035	17,470.04	-	17,470.04
03/01/2036	17,470.04	-	17,470.04
06/01/2036	17,470.04	-	17,470.04
09/01/2036	17,470.04	-	17,470.04
12/01/2036	17,470.04	-	17,470.04
03/01/2037	17,470.04	-	17,470.04
06/01/2037	17,470.04	-	17,470.04
09/01/2037	17,470.04	-	17,470.04
12/01/2037	17,470.04	-	17,470.05
03/01/2038	17,470.05	-	17,470.05
06/01/2038	17,470.05	-	17,470.05
09/01/2038	17,470.05	-	17,470.05
12/01/2038	17,470.05		
03/01/2039			
Total	$1,599,500.00	-	$1,599,500.00

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:

_____

SPECIMEN

03/08/05
135450.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2005 C
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. CR-1 $220,203

KNOW ALL MEN BY THESE PRESENTS: That on this 11th day of March, 2005, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Hampshire 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 TWO HUNDRED TWENTY THOUSAND TWO HUNDRED THREE DOLLARS ($220,203), 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 September 1, 2006, 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 between the Issuer and the Authority, on behalf of the Council, dated March 11, 2005.

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"); and (ii) 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 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 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 March 8, 2005, and a Supplemental Resolution duly adopted by the Issuer on March 8, 2005 (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 RESPECTS WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1999 A (WEST VIRGINIA SRF PROGRAM), DATED APRIL 27, 1999, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,836,000; (2) SEWER REFUNDING BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,725,00; AND (3) SEWER REFUNDING BONDS, SERIES 2005 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED MARCH 11, 2005, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,599,500 (COLLECTIVELY, THE "FIRST LIEN 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 First Lien Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 C 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 2005 C 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 First Lien Bonds; provided however, that so long as there exists in the Series 2005 C 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 First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia (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 monies received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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, CENTRAL HAMPSHIRE 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 above written.

[SEAL]

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 C Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: March 11, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 19,550	March 11, 2005	(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 $

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	1,420.67	-	1,420.67
12/01/2006	1,420.67	-	1,420.67
03/01/2007	1,420.67	-	1,420.67
06/01/2007	1,420.67	-	1,420.67
09/01/2007	1,420.67	-	1,420.67
12/01/2007	1,420.67	-	1,420.67
03/01/2008	1,420.67	-	1,420.67
06/01/2008	1,420.67	-	1,420.67
09/01/2008	1,420.67	-	1,420.67
12/01/2008	1,420.67	-	1,420.67
03/01/2009	1,420.67	-	1,420.67
06/01/2009	1,420.67	-	1,420.67
09/01/2009	1,420.67	-	1,420.67
12/01/2009	1,420.67	-	1,420.67
03/01/2010	1,420.67	-	1,420.67
06/01/2010	1,420.67	-	1,420.67
09/01/2010	1,420.67	-	1,420.67
12/01/2010	1,420.67	-	1,420.67
03/01/2011	1,420.67	-	1,420.67
06/01/2011	1,420.67	-	1,420.67
09/01/2011	1,420.67	-	1,420.67
12/01/2011	1,420.67	-	1,420.67
03/01/2012	1,420.67	-	1,420.67
06/01/2012	1,420.67	-	1,420.67
09/01/2012	1,420.67	-	1,420.67
12/01/2012	1,420.67	-	1,420.67
03/01/2013	1,420.67	-	1,420.67
06/01/2013	1,420.67	-	1,420.67
09/01/2013	1,420.67	-	1,420.67
12/01/2013	1,420.67	-	1,420.67
03/01/2014	1,420.67	-	1,420.67
06/01/2014	1,420.67	-	1,420.67
09/01/2014	1,420.67	-	1,420.67
12/01/2014	1,420.67	-	1,420.67
03/01/2015	1,420.67	-	1,420.67
06/01/2015	1,420.67	-	1,420.67
09/01/2015	1,420.67	-	1,420.67
12/01/2015	1,420.67	-	1,420.67
03/01/2016	1,420.67	-	1,420.67

Date	Principal	Coupo	Total P+I
06/01/2016	1,420.67	-	1,420.67
09/01/2016	1,420.67	-	1,420.67
12/01/2016	1,420.67	-	1,420.67
03/01/2017	1,420.67	-	1,420.67
06/01/2017	1,420.67	-	1,420.67
09/01/2017	1,420.67	-	1,420.67
12/01/2017	1,420.67	-	1,420.67
03/01/2018	1,420.67	-	1,420.67
06/01/2018	1,420.67	-	1,420.67
09/01/2018	1,420.67	-	1,420.67
12/01/2018	1,420.67	-	1,420.67
03/01/2019	1,420.67	-	1,420.67
06/01/2019	1,420.67	-	1,420.67
09/01/2019	1,420.67	-	1,420.67
12/01/2019	1,420.67	-	1,420.67
03/01/2020	1,420.67	-	1,420.67
06/01/2020	1,420.67	-	1,420.67
09/01/2020	1,420.67	-	1,420.67
12/01/2020	1,420.67	-	1,420.67
03/01/2021	1,420.67	-	1,420.67
06/01/2021	1,420.67	-	1,420.67
09/01/2021	1,420.67	-	1,420.67
12/01/2021	1,420.67	-	1,420.67
03/01/2022	1,420.67	-	1,420.67
06/01/2022	1,420.67	-	1,420.67
09/01/2022	1,420.67	-	1,420.67
12/01/2022	1,420.67	-	1,420.67
03/01/2023	1,420.67	-	1,420.67
06/01/2023	1,420.67	-	1,420.67
09/01/2023	1,420.67	-	1,420.67
12/01/2023	1,420.67	-	1,420.67
03/01/2024	1,420.66	-	1,420.66
06/01/2024	1,420.66	-	1,420.66
09/01/2024	1,420.66	-	1,420.66
12/01/2024	1,420.66	-	1,420.66
03/01/2025	1,420.66	-	1,420.66
06/01/2025	1,420.66	-	1,420.66
09/01/2025	1,420.66	-	1,420.66
12/01/2025	1,420.66	-	1,420.66
03/01/2026	1,420.66	-	1,420.66
06/01/2026	1,420.66	-	1,420.66
09/01/2026	1,420.66	-	1,420.66
12/01/2026	1,420.66	-	1,420.66
03/01/2027	1,420.66	-	1,420.66

Date	Principal	Coupo	Total P+I
06/01/2027	1,420.66	-	1,420.66
09/01/2027	1,420.66	-	1,420.66
12/01/2027	1,420.66	-	1,420.66
03/01/2028	1,420.66	-	1,420.66
06/01/2028	1,420.66	-	1,420.66
09/01/2028	1,420.66	-	1,420.66
12/01/2028	1,420.66	-	1,420.66
03/01/2029	1,420.66	-	1,420.66
06/01/2029	1,420.66	-	1,420.66
09/01/2029	1,420.66	-	1,420.66
12/01/2029	1,420.66	-	1,420.66
03/01/2030	1,420.66	-	1,420.66
06/01/2030	1,420.66	-	1,420.66
09/01/2030	1,420.66	-	1,420.66
12/01/2030	1,420.66	-	1,420.66
03/01/2031	1,420.66	-	1,420.66
06/01/2031	1,420.66	-	1,420.66
09/01/2031	1,420.66	-	1,420.66
12/01/2031	1,420.66	-	1,420.66
03/01/2032	1,420.66	-	1,420.66
06/01/2032	1,420.66	-	1,420.66
09/01/2032	1,420.66	-	1,420.66
12/01/2032	1,420.66	-	1,420.66
03/01/2033	1,420.66	-	1,420.66
06/01/2033	1,420.66	-	1,420.66
09/01/2033	1,420.66	-	1,420.66
12/01/2033	1,420.66	-	1,420.66
03/01/2034	1,420.66	-	1,420.66
06/01/2034	1,420.66	-	1,420.66
09/01/2034	1,420.66	-	1,420.66
12/01/2034	1,420.66	-	1,420.66
03/01/2035	1,420.66	-	1,420.66
06/01/2035	1,420.66	-	1,420.66
09/01/2035	1,420.66	-	1,420.66
12/01/2035	1,420.66	-	1,420.66
03/01/2036	1,420.66	-	1,420.66
06/01/2036	1,420.66	-	1,420.66
09/01/2036	1,420.66	-	1,420.66
12/01/2036	1,420.66	-	1,420.66
03/01/2037	1,420.66	-	1,420.66
06/01/2037	1,420.66	-	1,420.66
09/01/2037	1,420.66	-	1,420.66
12/01/2037	1,420.66	-	1,420.66
03/01/2038	1,420.66	-	1,420.66

Date	Principal	Coupo	Total P+I
06/01/2038	1,420.66	-	1,420.66
09/01/2038	1,420.66	-	1,420.66
12/01/2038	1,420.66	-	1,420.66
03/01/2039	1,420.66	-	1,420.66
06/01/2039	1,420.66	-	1,420.66
09/01/2039	1,420.66	-	1,420.66
12/01/2039	1,420.66	-	1,420.66
03/01/2040	1,420.66	-	1,420.66
06/01/2040	1,420.66	-	1,420.66
09/01/2040	1,420.66	-	1,420.66
12/01/2040	1,420.66	-	1,420.66
03/01/2041	1,420.66	-	1,420.66
06/01/2041	1,420.66	-	1,420.66
09/01/2041	1,420.66	-	1,420.66
12/01/2041	1,420.66	-	1,420.66
03/01/2042	1,420.66	-	1,420.66
06/01/2042	1,420.66	-	1,420.66
09/01/2042	1,420.66	-	1,420.66
12/01/2042	1,420.66	-	1,420.66
03/01/2043	1,420.66	-	1,420.66
06/01/2043	1,420.66	-	1,420.66
09/01/2043	1,420.66	-	1,420.66
12/01/2043	1,420.66	-	1,420.66
03/01/2044	1,420.66	-	1,420.66
06/01/2044	1,420.66	-	1,420.66
09/01/2044	1,420.66	-	1,420.66
12/01/2044	1,420.66	-	1,420.66
03/01/2045	1,420.66	-	1,420.66
Total	$220,203.0	-	$220,203.00

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: _____, _____.

_____

SPECIMEN

In the presence of:

_____

WEST VIRGINIA
Water Development Authority
Celebrating 35 Years of Service 1974 - 2009

October 23, 2009

Central Hampshire Public Service District
Sewer Revenue Bonds, Series 2009 B
(West Virginia SRF Program/ARRA)

TO WHOM IT MAY CONCERN:

In reliance upon a certificate of J C Kunkle & Associates, independent certified public accountants, 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 present holder of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA) (the "Series 2009 Bonds"), in the principal amount of $1,791,405, by Central Hampshire Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2009 Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's (i) Sewer Revenue Bonds, Series 1999 A (West Virginia SRF Program), dated April 27, 1999, issued in the original aggregate principal amount of $2,836,000 (the "Series 1999 A Bonds"); (ii) Sewer Refunding Bonds, Series 2005 A (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,725,000 (the "Series 2005 A Bonds"); (iii) Sewer Refunding Bonds, Series 2005 B (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $1,599,500 (the "Series 2005 B Bonds"); and (iv) Sewer Revenue Bonds, Series 2005 C (West Virginia Infrastructure Fund), dated March 11, 2005, issued in the original aggregate principal amount of $220,203 (the "Series 2005 C Bonds"), (collectively, the "Prior Bonds").

Carol A. Cummings
Authorized Representative

135450.00009

CH5249240.2

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wvwda.org

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

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **October 23, 2009**

Re: **Central Hampshire Public Service District,**
RR 1 Box 84, Augusta, WV 26704
Sewer Revenue Bonds, Series 2009 B (West Virginia SRF Program/ARRA)

---

1. **DISBURSEMENTS TO THE CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT**

Payor:	West Virginia Department of Environmental Protection
Source:	Series 2009 B Bonds Proceeds
Amount:	$89,570
Form:	Wire
Payee:	Central Hampshire Public Service District
ABA #:	052201938
Account #:	7491316
Bank:	First National Bank
Contact:	Judy Fields, 304.822.8700
Account:	Series 2009 Bonds Construction Trust Fund

09.04.09
135450.00009

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

PRECLOSING ATTENDANCE LIST

Date 10/22/09 Time 11 am LGA Central Hampshire PSD Program CWSRF

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Carol Cummings	WDA	558-3612	558-0299	CCummings@wvwda.org
Shawne Lee	Jackson Kelly PLLC	340.1318	340.1272	slee@jacksonkelly.com
Rose Broderick	(DEP) by phone			
John Stump	Rural			

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Ted Smith Telephone 304.496.8882 E-Mail _____

Address RR 1, Box 84, Augusta, WV 26704

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

west virginia department of environmental protection

Division of Water and Waste Management
601 57th Street S.E.
Charleston, WV 25304
Phone: (304) 926-0495
Fax: (304) 926-0496

Joe Manchin III, Governor
Randy C. Huffman, Cabinet Secretary
www.wvdep.org

October 14, 2009

Mr. Richard Wood, Chairman
Central Hampshire PSD
R. R. 1 Box 84
Augusta, WV 26704

Central Hampshire PSD
SRF No. C-544140-02

Dear Mr. Wood

The 1st payment reimbursement request in the amount of $89,570 has been approved by this office. A direct deposit to the District's construction account at First National Bank of Romney will be available on October 23, 2009.

The loan/bond closing has been scheduled for October 23, 2009 with pre-closing on October 22, 2009 at the Water Development Authority's office.

Enclosed is an original of the RF-91 payment request form that was processed by our office. Should you have any questions, please contact Gale Burdette at 304/926-0499 extension #1606 or Elizabeth.G.Burdette@wv.gov.

Sincerely,

Rosalie Brodersen
Management Section Manager
Clean Water SRF Program

RB/gb

Enclosure

cc: Region VIII P & D C
Steptoe & Johnson
Jackson & Kelly
Water Development Authority

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

RESOLUTION OF THE CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO ACQUISITION AND CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED WASTEWATER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Central Hampshire Public Service District has reviewed the invoices attached hereto and incorporated herein by reference relation to the construction of the wastewater Project funded by a Clean Water State Revolving Fund ARRA (CWSRF) Loan 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 The Central Hampshire Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	CWSRF	County Grant
Huntington Banks (Registrar)	500.00	500.00	0.00
Steptoe & Johnson (Bond Counsel)	25,000.00	25,000.00	0.00
Thrasher Engineering, Inc. **	149,500.00	29,000.00	120,500.00
Construction draw (future)*	35,070.00	35,070.00	0.00
Total* (equal to 5% of loan)	210,070.00	89,570.00	120,500.00

ADOPTED BY the Central Hampshire Public Service District, at the meeting held on the 7th day of October, 2009.

By: Richard Wood

Its: Chairman

** includes $25,000 invoice to Carl Keaton & Frazer, PLLC

DEP PAYMENT REQUISITION FO...

Rev 04/07/09

1. LOAN RECIPIENT/VENDOR:

NAME: Central Hampshire PSD

ADDRESS: RR1 Box 84 Augusta, WV 26704

(304) 496-8882

FEIN: 55-0571916

DUNS: 88-3981599

2. SRF #: C-544140-02

3. INVOICE NUMBER: 1

4. PERIOD COVERED BY THIS REQUEST (MO/DAY/YR)

FROM: (MO/DAY/YR) 8/24/09

TO: (MO/DAY/YR) 10/23/09

5. % of PHYSICAL CONSTRUCTION COMPLETION 0%

CLASSIFICATION	A) APPROVED BUDGET	B) PREVIOUS APPROVED	C) THIS REQUEST	D) TOTAL COLUMNS B&C	E) AGENCY USE ONLY SRF	E) AGENCY USE ONLY ARRA
1) CONSTRUCTION	$ 1,501,405		$ 35,070	35,070		35,070
2) EQUIPMENT	$ -					
3) ENGINEERING						
a. Planning	$ -					
b. Design	$ 29,000		$ 29,000	29,000		29,000
c. Const Basic	$ 35,000					
d. Spec Services	$ 75,500					
e. Inspection	$ 90,000					
4) LEGAL	$ -					
5) ACCOUNTING	$ -					
6) ADMINISTRATIVE	$ 35,000					
7) CONTINGENCY	$ -					
8) LOAN REPAYMENT	$ -					
9) RESERVE FUND	$ -					
10) CLOSING COSTS	$ 25,500		$ 25,500	25,500		25,500
11) SUBTOTAL	$ 1,791,405	$ -	$ 89,570	$ 89,570		89,570
12) LESS PREVIOUSLY PAID				$ -0-		-0-
13) INVOICE AMOUNT				$ 89,570	-0-	89,570

14) Richard Wood 10-7-09
AUTHORIZED SIGNATURE DATE
Richard Wood
TYPED OR PRINTED NAME AND TITLE

15) Katy Mallory 10/2/09
PERSON PREPARING FORM SIGNATURE DATE
Katy Mallory
TYPED OR PRINTED NAME AND TITLE

AGENCY USE ONLY:

THIS REQUEST APPROVED BY: Elizabeth D Burdette 10/13/09
PROJECT REVIEWER DATE

WV DEPARTMENT OF ENVIRONMENTAL PROTECTION
L Bradley 10/14/09
AUTHORIZED OFFICER DATE

SWEEP RESOLUTION

Central Hampshire Public Service District

WHEREAS, Central Hampshire Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes or will make monthly debt service payments on and transfers reserve funds for the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer, thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer finds and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic funds transfer with the State Treasurer sweeping the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) Beginning December 1, 2009 the monthly debt service payments on and reserve funds for the Bonds, as set forth in Exhibit A, shall be made to the MBC by an electronic transfer, to the extent funds are available, by the State Treasurer from the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2) The Chairman, Secretary and Treasurer are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

3) This resolution shall be effective immediately upon adoption.

Adopted this 23rd day of October, 2009.

Richard Wood

Chairman

EXHIBIT A

List each bond issue account and the Bank account number from which the electronic transfer will be made.

Bond Issue	Bank Account Information – Last 4 Digits	Monthly Amount
Sewer Revenue Bonds, Series 1999 A Sinking Fund	0235	$13,013.11
Sewer Revenue Bonds, Series 1999 A Reserve Account	____	Fully Funded
Sewer Revenue Bonds, Series 2005 A Sinking Fund	0235	Begin 9/1/2020
Sewer Revenue Bonds, Series 2005 A Reserve Account	0235	TBD
Sewer Revenue Bonds, Series 2005 B Sinking Fund	0235	$1,793.67
Sewer Revenue Bonds, Series 2005 B Reserve Account	0235	TBD
Sewer Revenue Bonds, Series 2005 C Sinking Fund	0235	$473.56
Sewer Revenue Bonds, Series 2005 C Reserve Account		Fully Funded
Sewer Revenue Bonds, Series 2009 B Sinking Fund		-0- 100% Forgivable
Sewer Revenue Bonds, Series 2009 B Reserve Account		-0- 100% Forgivable

Required

Email for main contact: central.water77@yahoo.com

West Virginia Municipal Bond Commission

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

Direct Debit Authorization Form

Please complete the following information

Entity Name Central Hampshire Public Service District

Address RR 1, Box 84, Augusta, West Virginia 26704

Phone Number 304.496.8882

I hereby authorize the West Virginia State Treasurer's Office to remove funds from the bank accounts listed below in order to make payments to the West Virginia Municipal Bond Commission.
In the event of a change of bank account numbers, I will notify the West Virginia State Treasurer's Office and the Municipal Bond Commission as soon as possible. I will provide a reasonable amount of time for the change to occur. I understand that a transaction might be reversed or corrected in the event of an error.

Account Nickname	Bank Name	Bank Routing #	Bank Account#
Sweep Account	First National Bank	052201938	0210235

Richard Wood
Signature of Authorized Person

Chairman
Title

October 23, 2009
Date

RECEIVED
09 OCT 14 AM 9:10
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

American Recovery and Reinvestment Act of 2009 (ARRA)

Project Certification

Program: West Virginia Clean Water State Revolving Fund

Project: Central Hampshire PSD, Hampshire County

Description:

Construction of new pumping stations, force main and gravity sewers to transfer approximately 30% of the PSD's existing sanitary sewage flow to the City of Romney for treatment. Romney's existing treatment facility will also be upgraded to handle this additional flow.

Total Project Cost

$2,291,405

ARRA Assistance Provided

$1,791,405

I hereby certify that the above project has received the full review and vetting required by federal law and that the investment of federal and state funds in this infrastructure project is an appropriate use of taxpayer dollars.

This certification will be posted on the Governor's website and linked to the federal ARRA website www.recovery.gov

Randy C. Huffman, Cabinet Secretary

9/29/09
Date

west virginia department of environmental protection

Case # 08-2077-PSD-CN

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 16th day of April 2009

GENERAL ORDER NO. 182.09
Public Service Commission intended procedures concerning water and sewer projects that are funded with federal stimulus funds.

COMMISSION ORDER

Earlier this year, Congress enacted and the President signed the *American Recovery and Reinvestment Act of 2009*. Under this legislation, the State of West Virginia is to receive certain stimulus funds, a portion of which will be dedicated to the construction of water and sewer infrastructure. The Public Service Commission ("Commission") has received information from various funding agencies. The State Bureau for Public Health through its drinking water treatment revolving fund will have approximately $19.5 million for water projects. In addition, the State Department of Environmental Protection through the clean water state revolving fund will have approximately $61 million for sewer projects. Both of these state agencies have indicated that they intend to have the projects bid by August 2009 and contracts awarded by October 2009. In addition, certain other stimulus funds for water and sewer projects will be administered by the U.S. Department of Agriculture, Rural Utilities Service.

Although the Commission is not a funding source for the stimulus funds, it will nonetheless be called upon to process utility applications for certificates of public convenience and necessity ("certificates") to authorize the construction of stimulus-funded water and sewer projects. Given the aggressive schedule planned by the funding agencies, and the requirement in the federal law that water and sewer projects be "shovel ready," meaning under construction within a quick time line, the Commission intends to expedite these applications to the greatest extent possible consistent with existing State Law.

As a preliminary observation, the Commission would stress that applications must be complete and the statutory thirty-day notice to the public must be given at the outset of the application. Failure to file complete applications or failure to provide timely public notice will lead to delays in processing projects and jeopardize the ability to receive federal stimulus funds. The Commission anticipates that it will receive (i) new applications for water and sewer projects using federal stimulus funds, (ii) amendments to pending applications

containing some measure of federal stimulus funds, and (iii) petitions to reopen certificates already issued seeking to amend funding by including federal stimulus funds. The Commission issues this General Order to inform the public, regulated utilities, attorneys who practice before the Commission, funding agencies, and the staff of the Commission of its intended procedures and processes.

With respect to new stimulus project applications, the Commission intends that applicants and Staff observe the following procedures. At the outset, the Commission again stresses that it is essential that a utility project sponsor file a complete application and provide timely public notice of its application.

1. Staff assigned to the case should immediately review the filing to determine if it is complete. The Initial Joint Staff Memorandum should be filed within ten days.[1]

2. If the filing is complete and does not require an increase in rates for the project, Staff should file its Final Joint Staff Memorandum in thirty-five days which allows for the protest period assuming the applicant has timely published notice.

3. If the filing is complete and includes a proposed increase in rates for the project, Staff may deem it necessary to file a data request for items needed to complete the review and make a final Staff recommendation. This data request should be filed within ten days. The applicant should expedite its response to Staff's requests and Staff should file its Final Joint Staff Memorandum within forty-five to sixty days

4. If the filing is not complete, irrespective of whether or not the application seeks an increase in rates, Staff should file a data request, if necessary, for the items needed to complete the review and make a final Staff recommendation. This data request should be filed within ten days. The applicant should expedite its responses to Staff's requests and Staff should file its Final Joint Staff Memorandum within forty-five to sixty days.

5. If rates are required for the project and a rate change has not been included with the application:

   A. For municipalities, the processing time is out of the Commission's ability to control. Staff needs to determine where the municipality is in the ordinance process and what else is needed to process the case. This should all be part of the Initial Joint Staff Memorandum to let the Commission know if the case can be processed or needs dismissed. (Certificates and rate ordinances need to be coordinated for a municipal appeal.) Data requests should still be filed within the ten-day period.

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[1] Days in this Order are calendar days. Filings due on weekends or holidays are due the next working day.

B. Public service districts ("districts") that need rates for the project can follow steps 1 and 3 or 4 above.

C. Districts that require rates outside of the project and are in default on bonds cannot move forward. Staff must address this in its initial memorandum.

5. For newly-filed water or sewer applications for certificates of convenience and necessity where the funding is described at the time of the filing as Stimulus Funding the Commission shall designate the filings as "SCN." The Commission, its Staff and Administrative Law Judges, will process those designated filings as expeditiously as possible.

The stimulus funds may be used to replace existing funding for projects that are ready to proceed, allowing the State of West Virginia to fund more projects than planned and provide an enhanced investment in water and sewer infrastructure to unserved and under-served areas of the State. To expedite the processing of projects that have already received a certificate and are eligible to receive stimulus funds, the Commission plans the following process and procedures:

6. In instances where municipalities or municipal water or sewer boards ("municipal utilities") have already been granted certificates, and in the event the municipality is awarded a stimulus assistance funding package to replace either existing grant or loan funding from another source, the municipal utility shall only be required to file with the Commission a letter from the funding agency that describes the change in the project funding. The filing will be treated as a closed entry by the Executive Secretary and the Commission anticipates no further action by the Commission.

7. Similarly, for districts that are awarded a stimulus assistance funding package equivalent to the existing grant money from another source, that has no impact on rates, the district shall only be required to file with the Commission a letter from the funding agency that describes the change in the project funding. The filing will be treated as a closed entry by the Executive Secretary and the Commission anticipates no further action by the Commission.

8. In the event that a district is awarded a stimulus assistance funding package and the benefit to the customers of such improved financing is lower project costs, the district will only be required to file a petition to reopen the original formal case granting the certificate in order that the Commission may review the rates established for the project.

The Commission will provide for such petitions to reopen to be handled in an expedited manner. To that end, the district will be required to file with its petition to reopen a letter from the funding agency that describes the change in project funding, specifically setting forth the newly-committed funding and an accompanying calculation by the district

of the impact to its rates together with supporting documentation. Upon the filing of this information, Staff will perform a review of the revised project funding and rate calculations and file a final recommendation with the Commission stating its recommended rates as soon as possible, but no later than ten days after receipt of the petition. The Commission will issue an order as soon thereafter as possible.

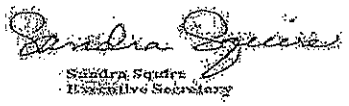
9. For districts that are awarded a stimulus assistance funding package to supplement funding to deal with a cost overrun in whole or part, that has no impact on rates, the district may utilize the enhanced funding to first fund any project alternatives that were reviewed as either deducts or adducts that were approved as a part of the original certificate, contingent upon funding, in order that all portions of the project can be constructed. In this event, the district shall be required to file with the Commission a letter from the funding agency that describes both the change in the project funding and also notes the deducts or adducts that will be funded for construction. The filing will be treated as a closed entry by the Executive Secretary and the Commission anticipates no further action on its part.

The issuance of these guidelines should expedite these projects and the continuing effort to provide quality water and sewer service throughout the State of West Virginia. The Commission understands that there will be instances and situations where events will disrupt these intended procedures; however, the Commission expects all parties to use their best efforts to process these cases in a timely manner. Finally, given the aggressive time frame contemplated by the funding agencies and the intent to have bids out by August 2009, project applications should be filed no later than June 1, 2009, to avoid jeopardizing the timely consideration of those applications.

IT IS SO ORDERED.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission give public notice of this order in a manner deemed most efficient and appropriate.

A True Copy, Teste:



Sandra Squire
Executive Secretary

go18209c.wpd