CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Merger of Green Spring Valley Public Service District into Central Hampshire Public Service District

MERGER TRANSCRIPT

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2007 JUL 11 AM 9:
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

BEFORE THE COUNTY COMMISSION OF HAMPSHIRE COUNTY

A RESOLUTION AND ORDER PROPOSING THE COOPERATIVE ACQUISITION OF GREENSPRING VALLEY PUBLIC SERVICE DISTRICT BY CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND FIXING A DATE OF HEARING ON THE PROPOSED COOPERATIVE AQUISITION AND PROVIDING NOTICE OF SUCH HEARING

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, The County Commission of Hampshire County is empowered to, upon its own motion by order duly adopted, propose the cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District located within the County in order to preserve the public health, comfort and convenience of the areas within the public service districts; and,

WHEREAS, The County Commission of Hampshire County, after considerable deliberation has decided that the proposed cooperative acquisition of the water and sewer service authorities of Greenspring Valley Public Service District by Central Hampshire Public Service District is necessary for the preservation of the public health, comfort and convenience for the areas presently served by the said Districts.

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

1. That the County Commission of Hampshire County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, proposes the cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District.
2. That on August 14th, 2007, at the hour of 9:30 a.m., The County Commission of Hampshire County shall meet in the County Courthouse at Romney, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the date of this Resolution and Order, for the purpose of conducting a public hearing on the proposed cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District, at which time and place all persons residing in or owning or having any interest in property in the territory of the proposed area of the Public Service Districts may appear before this County Commission and shall be provided an opportunity to be heard for or against the proposal.
3. That the Clerk of the County Commission of Hampshire County shall cause notice of the hearing of the proposed cooperative acquisition between Central Hampshire Public Service District and Greenspring Valley Public Service District to be published as a Class I Legal advertisement at least (10) days prior to the hearing.
4. That the County Commission of Hampshire County shall post notice of the hearing in at least five (5) conspicuous places within the areas of Central Hampshire Public Service District and Greenspring Valley Public Service District.

By the Order of the Hampshire County Commission this 10th, day of July, 2007.

THE COUNTY COMMISSION OF
HAMPSHIRE COUNTY

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

BEFORE THE COUNTY COMMISSION OF HAMPSHIRE COUNTY

A RESOLUTION AND ORDER PROPOSING THE COOPERATIVE ACQUISITION OF GREENSPRING VALLEY PUBLIC SERVICE DISTRICT BY CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND FIXING A DATE OF HEARING ON THE PROPOSED COOPERATIVE AQUISITION AND PROVIDING NOTICE OF SUCH HEARING

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, The *County Commission of Hampshire County is empowered to, upon its own motion by* order duly adopted, propose the cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District located within the County in order to preserve the public health, comfort and convenience of the areas within the public service districts; and,

WHEREAS, The County Commission of Hampshire County, after considerable deliberation has decided that the proposed cooperative acquisition of the water and sewer service authorities of Greenspring Valley Public Service District by Central Hampshire Public Service District is necessary for the preservation of the public health, comfort and convenience for the areas presently served by the said Districts.

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

1. That the County Commission of Hampshire County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, proposes the cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District.
2. That on August 14th, 2007, at the hour of 9:30 a.m., The County Commission of Hampshire County shall meet in the County Courthouse at Romney, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the date of this Resolution and Order, for the purpose of conducting a public hearing on the proposed cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District, at which time and place all persons residing in or owning or having any interest in property in the territory of the proposed area of the Public Service Districts may appear before this County Commission and shall be provided an opportunity to be heard for or against the proposal.
3. That the Clerk of the County Commission of Hampshire County shall cause notice of the hearing of the proposed cooperative acquisition between Central Hampshire Public Service District and Greenspring Valley Public Service District to be published as a Class I Legal advertisement at least (10) days prior to the hearing.
4. That the County Commission of Hampshire County shall post notice of the hearing in at least five (5) conspicuous places within the areas of Central Hampshire Public Service District and Greenspring Valley Public Service District.

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W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

By the Order of the Hampshire County Commission this 10th, day of July, 2007.

THE COUNTY COMMISSION OF
HAMPSHIRE COUNTY

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

Sharon A. Link
CLERK

A meeting of the Hampshire County Commission was held on Tuesday, July 10, 2007 at 9:00 a.m. in the conference room of the Hampshire County Courthouse. Donald P. Cookman, President, Steve W. Slonaker and Robert Hott, Commissioners were present.

The minutes of June 26, 2007 were presented. Commissioner Hott made a motion to approve the minutes as presented, Commissioner Slonaker seconded the motion. Motion carried.

President Cookman, in the vacation of the Commission, had spoke with Robert Mayhew concerning the presence of the Potomac Eagle train in Hampshire County and requested the County Clerk schedule a time for Mr. Mayhew at the next County Commission to discuss this matter and had spoke with the City of Romney Park and Recreation officials concerning the contribution to the pool.

Commissioner Slonaker attended a recycling meeting in Petersburg.

Commissioner Hott attended a Region VII Workforce Investment workshop at Taggart Hall in Romney.

County Clerk Sharon Link presented letters from the elected officials stating the salaries for their employees for the fiscal year 2007- 2008.

County Clerk Sharon Link presented an official Coal Severance budget revision #1. Commissioner Hott made a motion to approve the official budget revision, Commissioner Slonaker seconded the motion. Motion carried.

County Clerk Sharon Link presented a letter of resignation from Christopher A. Davis as Fiduciary Commissioner for Hampshire County. Commissioner Hott made a motion to accept the resignation of Christopher Davis as Fiduciary Commissioner, Commissioner Slonaker seconded the motion. Motion carried.

Invoices were presented for approval. Commissioner Slonaker made a motion to approve the invoices, Commissioner Hott seconded the motion. Motion carried.

Hampshire Center Director Michelle Abruzzini advised the checks requested by the County Commission from the retained earnings of Hampshire Center have been submitted, processed and waiting to be received. Ms. Abruzzini presented Hampshire Center's budget for the fiscal year 2008. Ms. Abruzzini presented and requested approval of the Major Capital Items for Hampshire Center for the fiscal year 2008 and the proposed plan for the years 2009 and 2010. Commissioner Slonaker made a motion to approve the major capital items, Commissioner Hott seconded the motion. Motion carried. Ms. Abruzzini advised the retained earnings held by Hampshire Center were approximately $3.4 million. Ms. Abruzzini advised that Hampshire Center had their annual survey in May for life safety and health and was awarded a zero deficiency free building certificate.

WV State Fire Marshall Mike Trabert and Compliance Officer Charles Baker discussed the Hampshire County subdivision ordinance and advised that it does not comply with state fire code as far as cul-de-sac's and water efficiency. Mr. Trabert also advised all commercial structures must submit a plan to the State Fire Marshall for review. Mr. Baker advised it was on the Hampshire County Planning Commission

agenda for ordinance changes to the building code for commercial structures. Once the change is adopted, Mr. Baker will submit the commercial building plan to the West Virginia State Fire Marshall's office. The County Commission invited Mr. Trabert to attend the Hampshire County Planning Commission and the Hampshire County Board of Appeals meeting to discuss the necessary changes with the members. Mr. Trabert also discussed a Knox-Box Rapid Entry system installation. The Knox-Box Rapid Entry System secures the building. If there is a fire or an emergency, the fire department would have a key to the box and the box would contain a key to the building's door. Mr. Trabert advised this box should be installed at the Judicial Center. Mr. Trabert asked that the installation of a Knox-Box be considered into the ordinance.

Compliance Officer Charles Baker presented revenues collected for June and a yearly report. Mr. Baker presented a resolution and order proposing the cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District and fixed the date for hearing on the proposed cooperative acquisition and providing notice of such hearing. Commissioner Slonaker made a motion to sign the resolution and order for the acquisition, Commissioner Hott seconded the motion. Motion carried. Mr. Baker advised the public hearing date has been set for August 14, 2007 at 9:30 a.m. at a County Commission meeting and he will post the necessary notices at various locations. Commissioner Slonaker stated that since the Planning Commission is waiting comments for updating the comprehensive plan, it would be a good time for the Hampshire County Planning Commission to work on the subdivision ordinance. President Cookman advised he would be attending the Planning Commission meeting and would recommend they start working on a revised subdivision ordinance. Mr. Baker advised he has a draft version of a new subdivision ordinance prepared.

Assessor Frank Whitacre presented exonerations and consolidations. Commissioner Hott made a motion to approve the exonerations and consolidations, Commissioner Slonaker seconded the motion. Motion carried.

Circuit Clerk Sonja Embrey introduced Tracy Turner as an employee in her office. The County Commission approved the employment of Ms. Turner. Mrs. Embrey discussed funds for a part-time employee for when they need to transfer files to the new judicial center and was advised to meet with them when that time comes.

County Clerk Deputy Lillian Largent reported the unencumbered balance for the fiscal year 2008 is approximately $1,540,966.08. Commissioner Hott made a motion to pay off the loan for the courthouse annex elevator and reimburse the rainy day fund, Commissioner Slonaker seconded the motion. Motion carried. Commissioner Slonaker made a motion to issue a check to the City of Romney Park and Recreation Commission for the city pool from the General County Fund, Commissioner Hott seconded the motion. Motion carried. The County Commission advised once the check from the retained earnings is received, deposit that check back into the General County fund.

Commissioner Hott made a motion to adjourn, Commissioner Slonaker seconded the motion. Motion carried.

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 County Commission minutes - July 10, 2007 recorded in the Clerk's Office of the said County Court on the 10th day of July, ~~xx~~ 2007 as full and complete as the same is now of record in said office, in Fiscal and Police Book No. 33, 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 4th day of September, 2007.

Sharon H. Link

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 8 day of August 20 07.

CORNWELL & AILES, INC.
PUBLISHERS

BY: Patricia Lee Grapes

Words 121 @ .08 Cost $_____

STATE OF WEST VIRGINIA
County of Hampshire, to wit:

I hereby certify that the said Patricia Lee Grapes did prepare and sign in my presence this Certificate of Publication on this the 8 day of August 20 07.

My commission expires March 19, 2017.

Jennifer L. See

Jennifer L. See

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JENNIFER L. SEE
HAMPSHIRE REVIEW
P. O. BOX 1036
ROMNEY, WV 26757
My commission expires March 19, 2017

RECEIVED
2007 SEP 6 AM 8 50
VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

NOTICE OF PUBLIC HEARING ON A RESOLUTION AND ORDER PROPOSING THE COOPERATIVE ACQUISITION OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT BY CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND FIXING A DATE OF HEARING ON THE PROPOSED COOPERATIVE ACQUISITION AND PROVIDING NOTICE OF SUCH HEARING

A public hearing will be held on the following entitled Resolution and Order at a regular meeting of the County Commission of Hampshire County (the "Commission") to be held on August 14, 2007, at 9:30 A.M. in the Commission's Office located at 66 North High Street, Romney, West Virginia, the Hampshire County Court House, and at such hearing any person interested may appear before the Commission and present protests, and all protests and suggestions shall be heard by the Commission and it shall then take such actions as it shall deem proper in the premises upon a Resolution and Order entitled:

A RESOLUTION AND ORDER PROPOSING THE COOPERATIVE ACQUISITION OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT BY CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND FIXING A DATE OF HEARING ON THE PROPOSED COOPERATIVE AQUISITION AND PROVIDING NOTICE OF SUCH HEARING

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, The County Commission of Hampshire County, is empowered to, upon its own motion by order duly adopted, propose the cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District located within the County in order to preserve the public health, comfort and convenience of the areas within the public service districts; and,

WHEREAS, The County Commission of Hampshire County, after considerable deliberation has decided that the proposed cooperative acquisition of the water and sewer service authorities of Green Spring Valley Public Service District by Central Hampshire Public Service District is necessary for the preservation of the public health, comfort and convenience for the areas presently served by the said Districts.

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

1. That the County Commission of Hampshire County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, proposes the cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District.

2. That on August 14, 2007, at the hour of 9:30 a.m., The County Commission of Hampshire County shall meet in the County Courthouse at Romney, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the date of this Resolution and Order, for the purpose of conducting a public hearing on the proposed cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District, at which time and place all persons residing in or owning or having any interest in property in the territory of the proposed area of the Public Service Districts may appear before this County Commission and shall be provided an opportunity to be heard for or against the proposal.

3. That the Clerk of the County Commission of Hampshire County shall cause notice of the hearing of the proposed cooperative acquisition between Central Hampshire Public Service District and Green Spring Valley Public Service District to be published as a Class I Legal advertisement at least (10) days prior to the hearing.

4. That the County Commission of Hampshire County shall post notice of the hearing in at least five (5) conspicuous places within the areas of Central Hampshire Public Service District and Green Spring Valley Public Service District.

The above titled Resolution and Order was adopted by the Commission on July 10, 2007.

The above quoted title of the Resolution and order describes the contents thereof and purpose intended thereby.

The Commission purposes the cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District.

A certified copy of the above entitled Resolution and Order is on file with the Commission at the Office of the Clerk of the County Commission of Hampshire County for review by interested parties during regular office hours.

Following said public hearing, the Commission intends to enact a Resolution and Order for the cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District as described above.

Dated: July 10, 2007

Charles Baker, CFM
Hampshire County Code and Compliance Official
8-8-10

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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 3 consecutive weeks, commencing on the 11th day of July 2007.

CORNWELL & AILES, INC.
PUBLISHERS

BY: Patricia Lee Grapa

Words 988 Cost $ 301.40

STATE OF WEST VIRGINIA
County of Hampshire, to wit:

I hereby certify that the said Patricia Lee Grapa did prepare and sign in my presence this Certificate of Publication on this the 25th day of July 2007.

My commission expires March 15, 2010.

Karen K. Moreland

Karen K. Moreland

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
KAREN K. MORELAND
HAMPSHIRE REVIEW
P. O. BOX 1936
ROMNEY, WV 26757
My commission expires March 15, 2010

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NOTICE OF PUBLIC HEARING ON A RESOLUTION AND ORDER PROPOSING THE COOPERATIVE ACQUISITION OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT BY CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND FIXING A DATE OF HEARING ON THE PROPOSED COOPERATIVE ACQUISITION AND PROVIDING NOTICE OF SUCH HEARING.

A public hearing will be held on the following entitled Resolution and Order at a regular meeting of the County Commission of Hampshire County (the "Commission") to be held on August 14, 2007 at 9:30 A.M. in the Commission's Office located at 66 North High Street, Romney, West Virginia, the Hampshire County Courthouse, and at such hearing any person interested may appear before the Commission and present protests, and all protests and suggestions shall be heard by the Commission and it shall then take such actions as it shall deem proper in the premises upon a Resolution and Order entitled:

A RESOLUTION AND ORDER PROPOSING THE COOPERATIVE ACQUISITION OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT BY CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT AND FIXING A DATE OF HEARING ON THE PROPOSED COOPERATIVE ACQUISITION AND PROVIDING NOTICE OF SUCH HEARING

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, The County Commission of Hampshire County is empowered to, upon its own motion by order duly adopted, propose the cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District located within the County in order to preserve the public health, comfort and convenience of the areas within the public service districts; and

WHEREAS, The County Commission of Hampshire County, after considerable deliberation has decided that the proposed cooperative acquisition of the water and sewer service authorities of Green Spring Valley Public Service District by Central Hampshire Public Service District is necessary for the preservation of the public health, comfort and convenience for the areas presently served by the said Districts.

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

1. That the County Commission of Hampshire County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, proposes the cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District.

2. That on August 14, 2007, at the hour of 9:30 a.m., The County Commission of Hampshire County shall meet in the County Courthouse at Romney, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the date of this Resolution and Order, for the purpose of conducting a public hearing on the proposed cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District, at which time and place all persons residing in or owning or having any interest in property in the territory of the proposed area of the Public Service Districts may appear before this County Commission and shall be provided an opportunity to be heard for or against the proposal.

3. That the Clerk of the County Commission of Hampshire County shall cause notice of the hearing of the proposed cooperative acquisition between Central Hampshire Public Service District and Green Spring Valley Public Service District to be published as a Class I Legal advertisement at least (10) days prior to the hearing.

4. That the County Commission of Hampshire County shall post notice of the hearing in at least five (5) conspicuous places within the areas of Central Hampshire Public Service District and Green Spring Valley Public Service District.

The above titled Resolution and Order was adopted by the Commission on July 10, 2007.

The above-quoted title of the Resolution and order describes the contents thereof and purpose intended thereby.

It is the Commission purposes the cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District.

A certified copy of the [illegible]

Dated: July 10, 2007

Charles Baker, CFM
Hampshire County Code and Compliance Official

BEFORE THE COUNTY COMMISSION OF HAMPSHIRE COUNTY

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W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

AN ORDER APPROVING THE COOPERATIVE ACQUISITION OF GREENSPRING VALLEY PUBLIC SERVICE DISTRICT BY CENTRAL HAMPSHIRE PUBLIC SERVICE

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, The County Commission of Hampshire County is empowered to, upon its own motion by order duly adopted; approve the cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District located within the County in order to preserve the public health, comfort and convenience of the areas within the public service districts; and,

WHEREAS, The County Commission of Hampshire County, after considerable deliberation has decided that the cooperative acquisition of the water and sewer service authorities of Greenspring Valley Public Service District by Central Hampshire Public Service District is necessary for the preservation of the public health, comfort and convenience for the areas presently served by the said Districts.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, ORDERED by The County Commission of Hampshire County as follows:

1. That the County Commission of Hampshire County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, approves the cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District.
2. That on August 14th, 2007, at the hour of 9:30 a.m., The County Commission of Hampshire County met in the County Courthouse at Romney, West Virginia, a date not more than forty (40) days nor less than twenty (20) days from the date of the Resolution and Order, for the purpose of conducting a public hearing on the cooperative acquisition of Greenspring Valley Public Service District by Central Hampshire Public Service District, at which time and place persons residing in, owning, or having any interest in property in the territory of the proposed area of the Public Service Districts appeared before this County Commission and was provided an opportunity to be heard for or against the proposal.
3. That the Clerk of the County Commission of Hampshire County presented notice of the hearing of the cooperative acquisition between Central Hampshire Public Service District and Greenspring Valley Public Service District as a Class I Legal advertisement at least (10) days prior to the hearing.
4. That the County Commission of Hampshire County posted notice of the hearing in at least five (5) conspicuous places within the areas of Central Hampshire Public Service District and Greenspring Valley Public Service District.

By the Order of the Hampshire County Commission this 14th, day of August, 2007.

THE COUNTY COMMISSION OF
HAMPSHIRE COUNTY

PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

Sharon H. Link
CLERK

A meeting of the Hampshire County Commission was held on Tuesday, August 14, 2007, at 9:00 a.m. in the conference room of the Hampshire County Courthouse. Steve W. Slonaker and Robert Hott, Commissioners were present.

President Cookman, being absent, the President's report was dispensed with.

Commissioner Hott had attended a meeting of the Hampshire County Development Authority and representatives of the Potomac Eagle concerning a train spur and funding at the Industrial Park and Jefferson County Development Authority and Farmland Protection Director Kelly Bowles gave a presentation as to how she handles both jobs, met with Congresswoman Shelley Capito representative Chris Stogle to discuss infrastructural problems in the County, had an interview process for an extension agent and attended a Farmland Protection meeting.

All the County Commissioners attended the seminar in Parkersburg.

Commissioner Slonaker spoke with E-911 Director Michael Crouse about the E-911 building.

County Clerk Sharon Link presented three (3) sealed bids for the 2000 Ford Explorer. Roger Saville presented the highest bid. Commissioner Hott made a motion to accept the bid of Roger Saville, Commissioner Slonaker seconded the motion. Motion carried.

Invoices were presented for approval. Commissioner Hott made a motion to approve the invoices, Commissioner Slonaker seconded the motion. Motion carried.

County Clerk Sharon Link presented the Sheriff Settlement for fiscal year 2007. Commissioner Hott made a motion to approve the Sheriff's Settlement, Commissioner Slonaker seconded the motion. Motion carried.

The minutes of July 24, 2007 was presented. Commissioner Hott made a motion to approve the minutes, Commissioner Slonaker seconded the motion. Motion carried.

Assessor Frank Whitacre presented consolidations and exonerations. Commissioner Hott made a motion to approve the consolidations and exonerations, Commissioner Slonaker seconded the motion. Motion carried.

Compliance Officer Charles Baker advised the Board of Appeals is going forward with the ordinance change and will present to the County Commission next month and advised the Hampshire County Planning Commission have been given a copy of a draft subdivision ordinance to review and will be working on this ordinance at their next meeting. Mr. Baker reported all the appointed members to the Hampshire County Historic Landmark Commission have accepted and have been sent information. Mr. Baker advised that on August 20, 2007 at 1:00 p.m., Mineral County Commissioner Wayne Spiggle, Rt. #50 member Gary Howell, Senator Walt Helmick and Delegate Clark Barnes will be meeting with office representatives of Senator Robert Byrd in Washington concerning Rt. #50. Mr. Baker advised that the Department of Environmental Protection is still giving us problems concerning the inter-connector of Sunrise Summit area and Romney. Mr. Baker stated he will continue working on this matter. Mr. Baker will speak with the Fountain Public Service District about the Windy Acres Subdivision near the Hampshire/Mineral County line concerning water in that area.

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WV PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

At 9:30 a.m. a public hearing was held to ratify the order of the acquisition of the Green Spring Valley Public Service District by Central Hampshire Public Service District. Representatives of the Green Spring Valley PSD, Central Hampshire PSD and Hampshire County Development Authority Acting Director Leslie Shoemaker, Jr. were in attendance. Mr. Shoemaker stated this order was a recommendation from the study of Thrasher Engineering to engage in a countywide infrastructure plan and is one of the action items listed on the study and will provide better service to the whole county and be more cost effective. Commissioner Hott made a motion to ratify the order to the acquisition of the Green Spring Valley PSD by Central Hampshire PSD. Discussion: Central Hampshire PSD employee Teddy Smith discussed employee benefits of the Public Service Districts and the increase of water rates. Mr. Baker advised there would be one fee structure for both PSD's and personnel benefits would have to be worked out. Commissioner Slonaker seconded the motion. Motion carried.

President Cookman arrived at the meeting.

Commissioner Hott made a motion to designate Compliance Officer Charles Baker to represent the County Commission at the Rt. 50 meeting to be held in Charleston with representatives of Senator Byrd on August 20, 2007, Commissioner Slonaker seconded the motion

Beverly Evert, Court Appointed Special Advocates (CASA), presented a letter from Judge Donald Cookman in support of the establishment of the CASA program and requested $5000.00. Mrs. Evert advised the funding would be used for mileage, background checks and other incidental reimbursements to the volunteers of CASA. President Cookman advised he was President of the board of directors for CASA. Commissioner Hott made a motion to approve the request, Commissioner Slonaker seconded the motion. President Cookman abstained. Motion carried.

Mr. & Mrs. Homer Shaver presented a petition from residents of Woodland Acres Subdivision, Mac Road, Augusta, WV concerning the uncontrolled dogs belonging to Jerry Deaner, a resident of that subdivision. Animal Control David Gee advised he had spoken with the Magistrates and the Sheriff's Department has issued a warrant for the arrest of Mr. Deaner on three (3) charges and felt this should take care of the problem.

Commissioner Hott made a motion to go into executive session to discuss personnel matters under WV Code 6-9A-4, Commissioner Slonaker seconded the motion. Motion carried. Upon reconvening, President Cookman stated the County Commission had discussed an issue of personnel with legal counsel with no decision made and requested the County Clerk schedule an appointment to have Attorney Susan Denecker, Prosecuting Attorney Stephen Moreland and Assessor Frank Whitacre on the agenda for August 28, 2007 at 1:30 p.m County Commission meeting, and then regarding another matter of personnel which they discussed briefly and made the decision that they needed legal counsel and requested County Clerk Sharon Link contact Attorney Susan Denecker for another conference call as soon as possible today.

Mr. Stickley presented two (2) bids for a zero-turn lawn mower.

County Clerk Sharon advised Ms. Denecker was returning their call. Commissioner Hott made a motion to go into executive session to discuss personnel under WV Code 6-9A-4, Commissioner Slonaker seconded the motion. Motion carried. Upon reconvening, President Cookman stated they had received legal advice concerning a personnel matter with no decision made.

Maintenance Mark Stickley gave an update on the installation of the security mobile home at Hampshire Park. The County Commission questioned whether a lease agreement was needed for the occupancy. The County Commission will discuss this matter at the next meeting. Commissioner Slonaker made a motion to accept the bid of Mill Creek Saw Shop for the zero turn mower, Commissioner Hott seconded the motion. Motion carried.

Assessor Frank Whitacre, Sheriff Nathan Sions and Prosecuting Attorney Stephen Moreland discussed the enforcement of the out of state license registration program. A draft memorandum of agreement was presented with those named above in support of the memorandum. Prosecuting Attorney Moreland advised he would review and make any necessary changes and present the memorandum of agreement at the next meeting.

Assessor Frank Whitacre discussed the e-mail of Christine Bauer concerning the assessment of her property. The County Commission advised Mrs. Bauer will be notified that this matter should be brought before the Board of Review and Equalization next year.

E-911 Director Michael Crouse, Mapping and Addressing Coordinator Jennifer Swisher and IT Outdoors employee Barry Jones discussed mapping & addressing and advised that the mapping and addressing in the field is ahead of schedule. Mr. Jones stated field collection should be finished in two months with the finalizing of the road names in the systems next and then to get in line with the post office and social services for addressing with finalizing at the end of the year 2008. Mr. Crouse requested permission to purchase mapping and addressing software. Commissioner Slonaker made a motion to approve the purchase, Commissioner Hott seconded the motion. Motion carried.

Park and Recreation Director Bruce Nicholson gave an update on the satellite office at Capon Bridge and other park activities.

Park and Recreation Director Bruce Nicholson, Green Spring residents Judy Merritt, Lana Koontz and Barry Cornwell advised that the Green Spring Recreational Park Inc had received a $7000.00 grant. Ms. Merritt presented an estimate for the installation of the fence. Ms. Merritt requested that the County Commission contribute $7000.00 and when funds are received from the grant, they would refund the grant money. Ms. Merritt stated they would also like to purchase a mower. Commissioner Hott made a motion to contribute $10,000.00 from the General County fund to the Green Spring Recreation Park Inc for fencing and mower and that the park committee retains the grant funds of $7000.00 for bathrooms. Commissioner Slonaker seconded the motion. Motion carried. The County Commission will check on the liability insurance.

Commissioner Hott made a motion to appoint Judy Merritt to the Hampshire County Park and Recreation board, Commissioner Slonaker seconded the motion. Motion carried.

Hampshire County Development Authority Acting Director Leslie Shoemaker, Jr. presented a preliminary work and cost estimates for a rail spur for the Potomac Eagle train. Mr. Shoemaker stated that the Executive Committee of the Hampshire County Development Authority advised they felt that the two members for the advisory committee from each county should fall under the appointments of the County Commission.

County Clerk Sharon Link presented a contract for the Prevention Resource Officer (PRO) grant. Commissioner Hott made a motion to approve the PRO grant contract, Commissioner Slonaker seconded the motion. Motion carried.

Commissioner Slonaker made a motion to appoint Leonard R. McMaster as a member to the Hampshire County Economic Development, Commissioner Hott seconded the motion. Motion carried.

The County Commission recommended and approved that the County Commission meeting date of October 9 be changed to October 10.

County Clerk Sharon Link advised William H. Judy, Jr. was contacted and would accept the appointment as a fiduciary commissioner for Hampshire County. Commissioner Hott made a motion to approve Mr. Judy as a fiduciary commissioner, Commissioner Slonaker seconded the motion. Motion carried.

A letter from North Eastern Regional EMS Inc (NEREMS, Inc.) requesting the re-appointment of Randall W. Bailey and Donna E. Steward to the Board of Directors for North Eastern Regional EMS Inc. was presented. Commissioner Hott made a motion to approve Randall W. Bailey and Donna E. Steward to the NEREMS, Inc board, Commissioner Slonaker seconded the motion. Motion carried.

Commissioner Hott made a motion to adjourn, Commissioner Slonaker seconded the motion. Motion carried.

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 County Commission minutes August 14, 2007 recorded in the Clerk's Office of the said County Court on the 14th day of August, ~~XX~~ 2007 as full and complete as the same is now of record in said office, in Fiscal and Police Book No. 33, 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 4th day of September, 2007.

Sharon H. Link

Clerk of County Court of Hampshire County, West Virginia

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
11/26/2007

Entered: November 6, 2007

CASE NO. 07-1265-PSWD-PC

HAMPSHIRE COUNTY COMMISSION
Petition for consent and approval of cooperative acquisition of Green Spring Valley Public Service District by Central Hampshire Public Service District.

RECOMMENDED DECISION

On July 11, 2007, the Hampshire County Commission (Hampshire County) filed a petition for the Commission's consent and approval of its order merging the Green Spring Valley Public Service District (GSVPSD) and the Central Hampshire Public Service District (CHPSD) with the surviving utility being CHPSD. Hampshire County enclosed a copy of its Order providing notice of the merger and a hearing on the merger. The Hampshire County hearing was set for August 14, 2007.

On August 15, 2007, Staff pointed out that, while W. Va. Code §16-13A-2 was amended in 2005 to leave it within the discretion of the Commission to determine whether or not a hearing is necessary in boundary-change cases involving public service districts, the Commission's rules have not been modified since that statutory change. Staff indicated that Sewer Rule 7.3 and Water Rule 8.3 require the Commission to hold hearings in boundary-change cases. Staff also recommended that the Commission require Hampshire County to publish notice of its filing with the Commission in order to provide notice to the public regarding the Public Service Commission's involvement in this proceeding and the public's right to provide the Commission with input.

On August 29, 2007, the Commission referred the matter requiring a decision on or before February 6, 2008.

On September 6, 2007, Hampshire County filed a document signed by board members from both GSVPSD and CHPSD requesting that the Commission approve the merger of the two public service districts. The document indicated that both utilities had unanimously agreed that it would be in the best interest of their customers and the utilities for the merger to occur. Hampshire County also filed publication affidavits indicating that it properly published notice of its resolution and its August 14 hearing. Hampshire County also filed an affidavit of posting indicating that it properly posted the notice in appropriate locations. It also filed minutes of its August 14, 2007 meeting, which noted that the

hearing had been held and there was no public opposition to the merger.

On September 17, 2007, the Commission ordered Hampshire County to publish notice of its filing with the Commission and to provide the Commission with proper affidavits.

On October 18, 2007, Staff recommended that the Commission approve the merger of GSVPSD and CHPSD subject to certain conditions. Staff further recommended that the Commission modify the Hampshire County Order to parrot the statutory language in W. Va. Code §16-13A-2.

On October 26, 2007, Hampshire County filed an affidavit of publication indicating that it properly published the notice of filing as required by the Commission. Additionally, it filed a copy of its final Order approving the merger of GSVPSD and CHPSD which Hampshire County entered on August 14, 2007.

There have been no protests filed pursuant to the publication of the notice of filing.

DISCUSSION

Hampshire County's petition to merge GSVPSD and CHPSD should be approved subject to the conditions recommended by Staff. The merger should be approved without an additional hearing by the Commission; the Commission's rules requiring such a hearing should be waived. Staff's suggestion that the Hampshire County Order be modified to more closely parallel the statutory language is not necessary because it is quite clear from reading the Hampshire County Order that it merges the two public service districts with the surviving district being CHPSD.

FINDINGS OF FACT

1. On July 11, 2007, Hampshire County petitioned the Commission to approve the merger of GSVPSD and CHPSD. (See filing).

2. Hampshire County properly entered an Order on July 10, 2007, setting the matter for a public hearing. (See Hampshire County Order filed September 6, 2007).

3. Hampshire County properly published notice of its hearing and Order. (See affidavits of publication filed September 6, 2007).

4. Hampshire County properly held its public hearing on August 14, 2007, regarding the merger of the two utilities. There was no public opposition to the merger. (See minutes of meeting filed September 6, 2007).

5. The boards of both GSVPSD and CHPSD unanimously agreed that it would be in the best interest of their respective utilities and customers to merge. (See "Official Request to Merge or Acquire" filed September 7, 2007).

6. By Procedural Order issued September 17, 2007, the Commission required Hampshire County to publish notice of its filing with the Commission regarding this merger. (See Procedural Order).

7. Hampshire County properly published the notice of filing as required by the Commission Order of September 17, 2007. (See affidavit of publication filed October 26, 2007).

8. There have been no public protests filed pursuant to the notice of filing. (See file generally).

9. Hampshire County entered its final order approving the merger of the two utilities on August 14, 2007, after its public hearing. (See Hampshire County Order dated August 14, 2007, filed October 26, 2007).

10. On October 18, 2007, Staff concluded that Hampshire County complied with the West Virginia Code concerning the proposed merger and recommended Commission approval of the merger subject to certain conditions. (See Staff filing of October 18, 2007).

CONCLUSIONS OF LAW

1. The merger of GSVPSD and CHPSD with the surviving entity being CHPSD is in the public interest.

2. Hampshire County has complied with W. Va. Code §16-13A-2 and the Commission's rules and regulations regarding this merger.

3. The Commission should waive the requirement in Sewer Rule 7.3 and Water Rule 8.3 requiring the Commission to hold a hearing in this proceeding and the merger should be approved without hearing.

4. The merger should be approved subject to the conditions recommended by Commission Staff.

ORDER

IT IS, THEREFORE, ORDERED that the requirements under the Commission's Sewer Rule 7.3 and Water Rule 8.3 regarding the Commission holding a hearing in any case involving a boundary change for a public service district be, and hereby are, waived.

IT IS FURTHER ORDERED that the Hampshire County Commission Order entered August 14, 2007, merging the Green Spring Valley Public Service District and the Central Hampshire Public Service District with the surviving entity being the Central Hampshire Public Service District be, and hereby is, approved, subject to the conditions set forth below.

IT IS FURTHER ORDERED that the merger not be consummated between the Green Spring Valley Public Service District and the Central Hampshire Public Service District until the parties have received written bondholder approval from all bondholders of both the Green Spring Valley Public Service District and the Central Hampshire Public Service District consenting to the merger.

IT IS FURTHER ORDERED that the Central Hampshire Public Service District maintain the existing rates and charges of the former Green Spring Valley Public Service District customers until otherwise ordered by the Commission. The Central Hampshire Public Service District shall file a request for rate review with the Commission no later than 18 months after the consummation of the merger. The Central Hampshire Public Service District is free to file before that time period, if it deems it necessary to do so for financial reasons.

IT IS FURTHER ORDERED that this proceeding be, and it 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 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:kkp
071265ab.wpd

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

A RESOLUTION RATIFYING THE MERGER OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT INTO CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

WHEREAS, Green Spring Valley Public Service District ("Green Spring Valley") is a public service district and public corporation created by Resolution of The County Commission of Hampshire County (the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Code");

WHEREAS, Green Spring Valley owns and operates a waterworks system and sewerage system within its service territory in Hampshire County;

WHEREAS, Central Hampshire Public Service District ("Central Hampshire") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of Chapter 16, Article 13A of Code;

WHEREAS, Central Hampshire owns and operates a waterworks system and sewerage system within its service territory in Hampshire County;

WHEREAS, on August 14, 2007, the County Commission entered an order approving the merger of Green Spring Valley into Central Hampshire;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 07-1265-PSWD-PC, approved and ordered the merger of Green Spring Valley into Central Hampshire, as described more fully herein; and

WHEREAS, Green Spring Valley deems it desirous to adopt a Resolution ratifying the merger of Green Spring Valley into Central Hampshire, and to confirm that all lawful actions required to effectuate the merger have been completed.

NOW, THEREFORE, BE IT RESOLVED BY GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT:

1. That the merger of Green Spring Valley into Central Hampshire, as approved by the Public Service Commission of West Virginia in Case No. 07-1265-PSWD-PC, by Recommended Decision entered November 6, 2007, which became a Final Order on November 26, 2007, is hereby ratified, confirmed, and, in all respects deemed completed, contingent upon the following conditions established by the Public Service Commission of West

Virginia:

(a) That the merger not be consummated between Green Spring Valley and Central Hampshire until both parties have received written bondholder approval from all bondholders of both Green Spring Valley and Central Hampshire; and

(b) That Central Hampshire maintain the existing rates and charges of Green Spring Valley until otherwise ordered by the Commission. Central Hampshire shall file a request for rate review with the Public Service Commission of West Virginia no later than eighteen (18) months after the consummation of the merger. Central Hampshire is free to file before that time period, if it deems it necessary to do so for financial reasons.

2. That all lawful actions required to effectuate the merger of Green Spring Valley into Central Hampshire have been completed, and are hereby ratified and confirmed.

[Remainder of Page Intentionally Blank]

Entered this 22nd day of June, 2010.

GREEN SPRING VALLEY PUBLIC
SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT on the 22nd day of June, 2010.

Dated: June 30, 2010.

[SEAL]

Secretary

05.27.10
135450.00006

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VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

OFFICIAL REQUEST TO MERGE OR ACQUIRE

Comes now Green Spring Valley PSD, by its Board of Directors, namely, Mark Puffinburger, Gary C. Bradfield and Roger O. Whisner, and comes Central Hampshire PSD, by its Board of Directors, namely, Brian J. Judy, Robert E. Mayhew and Richard C. Wood, who respectfully and officially request written consent and approval from the Hampshire County Commission to combine or consolidate their two Public Service Districts, by either merger or acquisition, whichever is subsequently determined to be in the best interest of the district, into one continuing entity to operate under the name and heading of Hampshire County Public Service District. Both districts have heretofore unanimously agreed and resolved that it would be in the best interests of each of their respective districts for this action to occur, which in effect would create one Public Service District to serve the entire Hampshire County area with the exception of the two municipalities in the county, being the town of Capon Bridge and the Town of Romney. The two districts agree that all assets, debts, equipment, inventories, etc. would be conveyed to the new entity known as Hampshire County PSD which would also assume all outstanding debts and liabilities. The two districts also acknowledged that upon gaining approval and consent from the Hampshire County Commission that they would also have to seek approval from the lienholders including USDA-RUS, and The State of West Virginia Public Service Commission.

Respectfully requested this _____ day of January, 2007.

RESPECTFULLY REQUESTED,

GREEN SPRING VALLEY
PUBLIC SERVICE DISTRICT

BY: _____
DIRECTOR, CHAIRMAN

_____
DIRECTOR

_____
DIRECTOR

CARL, KEATON
FRAZER, PLLC
ATTORNEYS AT LAW
56 E. MAIN STREET
ROMNEY, WV 26757

CENTRAL HAMPSHIRE
PUBLIC SERVICE DISTRICT

BY: Richard Wood
BOARD OF DIRECTOR

BOARD OF DIRECTOR

BOARD OF DIRECTOR

bcc.gsvpsd.request.merger.12.18.06

ARL, KEATON
FRAZER, PLLC
TTORNEYS AT LAW
56 E. MAIN STREET
OMNEY, WV 26757

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

A RESOLUTION RATIFYING THE MERGER OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT INTO CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

WHEREAS, Central Hampshire Public Service District ("Central Hampshire") is a public service district and public corporation created by Resolution of The County Commission of Hampshire County (the "County Commission") and formed pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Code");

WHEREAS, Central Hampshire owns and operates a waterworks system and sewerage system within its service territory in Hampshire County;

WHEREAS, Green Spring Valley Public Service District ("Green Spring Valley") is a public service district and public corporation created by Resolution of the County Commission and formed pursuant to the provisions of Chapter 16, Article 13A of Code;

WHEREAS, Green Spring Valley owns and operates a waterworks system and sewerage system within its service territory in Hampshire County;

WHEREAS, on August 14, 2007, the County Commission entered an order approving the merger of Green Spring Valley into Central Hampshire;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 07-1265-PSWD-PC, approved and ordered the merger of Green Spring Valley into Central Hampshire, as described more fully herein; and

WHEREAS, Central Hampshire deems it desirous to adopt a Resolution ratifying the merger of Green Spring Valley into Central Hampshire, and to confirm that all lawful actions required to effectuate the merger have been completed.

NOW, THEREFORE, BE IT RESOLVED BY CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT:

1. That the merger of Green Spring Valley into Central Hampshire, as approved by the Public Service Commission of West Virginia in Case No. 07-1265-PSWD-PC, by Recommended Decision entered November 6, 2007, which became a Final Order on November 26, 2007, is hereby ratified, confirmed, and, in all respects deemed completed, contingent upon the following conditions established by the Public Service Commission of West Virginia:

(a) That the merger not be consummated between Green Spring Valley and Central Hampshire until both parties have received written bondholder approval from all bondholders of both Green Spring Valley and Central Hampshire; and

(b) That Central Hampshire maintain the existing rates and charges of Green Spring Valley until otherwise ordered by the Commission. Central Hampshire shall file a request for rate review with the Public Service Commission of West Virginia no later than eighteen (18) months after the consummation of the merger. Central Hampshire is free to file before that time period, if it deems it necessary to do so for financial reasons.

2. That all lawful actions required to effectuate the merger of Green Spring Valley into Central Hampshire have been completed, and are hereby ratified and confirmed.

[Remainder of Page Intentionally Blank]

Entered this 22nd day of June, 2010.

CENTRAL HAMPSHIRE PUBLIC
SERVICE DISTRICT

By: Richard Wood
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the 22nd day of June, 2010.

Dated: June 30, 2010.

[SEAL]

Secretary

05.27.10
135450.00006

Case No. 07-1265-PSWD-PC

RECEIVED
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W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

OFFICIAL REQUEST TO MERGE OR ACQUIRE

Comes now Green Spring Valley PSD, by its Board of Directors, namely, Mark Puffinburger, Gary C. Bradfield and Roger O. Whisner, and comes Central Hampshire PSD, by its Board of Directors, namely, Brian J. Judy, Robert E. Mayhew and Richard C. Wood, who respectfully and officially request written consent and approval from the Hampshire County Commission to combine or consolidate their two Public Service Districts, by either merger or acquisition, whichever is subsequently determined to be in the best interest of the district, into one continuing entity to operate under the name and heading of Hampshire County Public Service District. Both districts have heretofore unanimously agreed and resolved that it would be in the best interests of each of their respective districts for this action, to occur, which in effect would create one Public Service District to serve the entire Hampshire County area with the exception of the two municipalities in the county, being the town of Capon Bridge and the Town of Romney. The two districts agree that all assets, debts, equipment, inventories, etc. would be conveyed to the new entity known as Hampshire County PSD which would also assume all outstanding debts and liabilities. The two districts also acknowledged that upon gaining approval and consent from the Hampshire County Commission that they would also have to seek approval from the lienholders including USDA-RUS, and The State of West Virginia Public Service Commission.

Respectfully requested this _____ day of January, 2007.

RESPECTFULLY REQUESTED,

GREEN SPRING VALLEY
PUBLIC SERVICE DISTRICT

BY: Mark Puffinburger
DIRECTOR, CHAIRMAN

Gary C. Bradfield
DIRECTOR

Roger O. Whisner
DIRECTOR

CARL, KEATON
FRAZER, PLLC
ATTORNEYS AT LAW
56 E. MAIN STREET
ROMNEY, WV 26757

CENTRAL HAMPSHIRE
PUBLIC SERVICE DISTRICT

BY: Richard Wood
BOARD OF DIRECTOR

BOARD OF DIRECTOR

BOARD OF DIRECTOR

hcc.gsvpsd.request.merger.12.18.06

RECEIVED
2007 AUG 20 AM 9:09
W VA PUBLIC SERVICE
COMMISSION
SECRETARY'S OFFICE

CARL, KEATON
FRAZER, PLLC
TTORNEYS AT LAW
56 E. MAIN STREET
ROMNEY, WV 26757

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information
304.353.8161 - Telephone
304.353.8181 - Facsimile
john.stump@steptoe-johnson.com

June 30, 2010

Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25323

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

Hampshire County Commission
P.O. Box 806
Romney, West Virginia 26757

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

The Bank of Romney
P.O. Box 876
Romney, West Virginia 26757

Branch Banking & Trust Company
501 Tennessee Avenue
Charleston, West Virginia 25301

United States Department of Agriculture
151 Aikens Center, Suite 4
Martinsburg, West Virginia 25404

Dear Ladies and Gentlemen:

This letter is to provide notification that, as of the date hereof, the Green Spring Valley Public Service District ("Green Spring Valley") has been successfully merged into the Central Hampshire Public Service District ("Central Hampshire") pursuant to the Recommended Decision entered November 6, 2007 which became a Final Order on November 26, 2007 in Case No. 07-1265-PSWD-PC of the Public Service Commission of West Virginia. As of the date hereof, Central Hampshire holds valid title to all assets, including, but not limited to, real and personal property, formerly of Green Spring Valley.

Central Hampshire has assumed all obligations under, and responsibility for the payment of the principal of and interest on, the following water revenue bonds, formerly of Green Spring Valley, solely from the Net Revenues of the water distribution and treatment system of Central Hampshire.

1. Central Hampshire Public Service District Water Revenue Bonds, Series 1970 (United States Department of Agriculture) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 1970 (United States Department of Agriculture));

2. Central Hampshire Public Service District Water Revenue Bonds, Series 1989 A (United States Department of Agriculture) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 1989 A (United States Department of Agriculture));

7

3. Central Hampshire Public Service District Water Revenue Bonds, Series 2006 A (Branch Banking and Trust Company) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 2006 A (Branch Banking and Trust Company)); and

4. Central Hampshire Public Service District Water Revenue Bonds, Series 2006 B (United States Department of Agriculture) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 2006 B (United States Department of Agriculture)).

If you should have any questions, please do not hesitate to contact me.

My best regards.

Very truly yours,

John Stump

cc: John Kunkle, CPA
H. Charles Carl, III, Esquire
Sara Boardman, MBC
Samme L. Gee, Esquire
USDA, State Office

United States Department of Agriculture
Rural Development
West Virginia State Office

June 30, 2010

Consent to Assumption of Debt of Green Spring Valley Public Service District
by Central Hampshire Public Service District

TO WHOM IT MAY CONCERN:

The undersigned STATE DIRECTOR of the United States Department of Agriculture, Rural Utilities Service, the present holder of Green Spring Valley's (1) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds"); (2) Water System Note, Series 1989 A (United States Department of Agriculture) dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"); and (3) Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $591,000 (the "Series 2006 B Bonds") (collectively, the "Green Spring Valley USDA Water Bonds") hereby consents to: (i) the conveyance of all of the water and sewerage system assets of Green Spring Valley Public Service District, including, but not limited to, all real property, personal property, tangible property, intangible property, rights-of-way, easements, judgments, licenses and permits, to Central Hampshire Public Service District; (ii) the assumption by Central Hampshire Public Service District of the Green Spring Valley USDA Water Bonds and upon such assumption, the Green Spring Valley USDA Water Bonds shall have a first lien on the revenues of the Central Hampshire Public Service District water distribution and treatment system, on a parity with one another and with Central Hampshire Public Service District's (1) Water Revenue Bonds, Series 1976, dated January 12, 1977, issued in the original aggregate principal amount of $411,000, held by CapMark; (2) Water Revenue Bonds, Series 1992 (United States Department of Agriculture), dated September 21, 1992; issued in the original aggregate principal amount of $358,000; and (3) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $1,745,000; and (iii) the dissolution of Green Spring Valley Public Service District.

BOBBY LEWIS
State Director

1550 Earl Core Road • Suite 101 • Morgantown, WV 26505
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: http://www.rurdev.usda.gov/wv

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BB&T

Branch Banking & Trust Co.

Governmental Finance
501 Tennessee Avenue
Charleston, WV 25302
(304) 353-1653
Fax (304) 340-4702

June 30, 2010

Consent to Assumption of Debt of Green Spring Valley Public Service District
by Central Hampshire Public Service District

TO WHOM IT MAY CONCERN:

The undersigned Vice President of the Branch Banking and Trust Company, the present holder of Green Spring Valley's Water Refunding Bonds, Series 2006 A (Branch Banking and Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of $238,197 (the "Green Spring Valley BB&T Water Bonds") hereby consents to: (i) the merger of Green Spring Valley Public Service District into Central Hampshire Public Service District; and (ii) the assumption by Central Hampshire Public Service District of the Green Spring Valley BB&T Water Bonds and upon such assumption, the Green Spring Valley BB&T Water Bonds shall have a first lien on the revenues of the Central Hampshire Public Service District water distribution and treatment system, on a parity with one another and with Central Hampshire Public Service District's (1) Water Refunding Revenue Bonds, Series 2010 A, dated April 14, 2010, issued in the original aggregate principal amount of $125,000; (2) Water Revenue Bonds, Series 1992 (United States Department of Agriculture), dated September 21, 1992, issued in the original aggregate principal amount of $358,000; and (3) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $1,745,000.

BRANCH BANKING & TRUST COMPANY

Russell R. Abbott
Authorized Officer

05.27.10
135450.00006

The Bank of Romney

"You're someone special here"

Member: Federal Reserve System/FDIC

June 30, 2010

Consent to Assumption of Debt of Green Spring Valley Public Service District
by Central Hampshire Public Service District

TO WHOM IT MAY CONCERN:

The undersigned, L. Thomas Campbell, of The Bank of Romney, the present holder of Central Hampshire's Water Refunding Revenue Bonds, Series 2010 A (The Bank of Romney), dated April 14, 2010, issued in the original aggregate principal amount of $125,000 (the "Central Hampshire Bank of Romney Water Bonds") hereby consents to: (i) the merger of Green Spring Valley Public Service District into Central Hampshire Public Service District, and (ii) the assumption by Central Hampshire Public Service District of the Green Spring Valley BB&T Water Bonds, hereinafter defined, and upon such assumption, the Central Hampshire Bank of Romney Water Bonds shall have a first lien on the revenues of the Central Hampshire Public Service District water distribution and treatment system, on a parity with Central Hampshire Public Service District's: (1) Water Revenue Bonds, Series 1992 (United States Department of Agriculture), dated September 21, 1992, issued in the original aggregate principal amount of $358,000; and (2) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $1,745,000; and Green Spring Valley's Water Refunding Revenue Bonds, Series 2006 A (Branch Banking and Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of $238,197 (the "Green Spring Valley BB&T Water Bonds").

THE BANK OF ROMNEY

L. Thomas Campbell
Senior Loan Officer

P.O. Box 876
Romney, WV 26757
Phone: 304-822-3541
Fax: 304-822-3547

P.O. Box 214
Capon Bridge, WV 26711
Phone: 304-856-3461
Fax: 304-856-3042

P.O. Box 500
Augusta, WV 26704
Phone: 304-496-7460
Fax: 304-496-9988

P.O. Box 72
Springfield, WV 26763
Phone: 304-822-3618
Fax: 304-822-3803

P.O. Box 114
Paw Paw, WV 25439
Phone: 304-947-7255
Fax: 304-947-5542

P.O. Box 376
Shanks, WV 26761
Phone: 304-822-2750
Fax: 304-822-2751

4/6/99

ORDER

714

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 Green Spring Valley 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 the town of Springfield and area south to the South Branch River, and which is more particularly described by the hereby amended metes and bounds as follows:

> Beginning at the southern terminus of the bridge crossing the South Branch River District, Hampshire County, West Virginia, thence by direct line, N. 32 15E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence by direct line, N. 82 00W., but along the meanders of the low water mark of the North Branch River and on the south side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence with the said County line, S. 36 45W., 15,312.0 feet to a point; thence S. 65 15W., 4224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said County line; thence S. 30 15W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said County line, said way being generally known as the Goldsborough Road; thence continuing with the County boundary line between Mineral and Hampshire County southwesterly crossing West Virginia Route 28 and following the meandering of the County line approximately 34,320 feet to its intersection with West Virginia Secondary Route 28/6 near Slate Lick Knob lookout tower and thence, leaving said County line and following the center line of West Virginia Secondary Route 28/6 approximately 21,120 feet to a point where the West Virginia Route 28/6 meets the South Branch River at the mouth of Broad Run, thence leaving the road perpendicularly to the mouth of Broad Run and continuing along the meanders of the low water mark of the northern edge of the South Branch River crossing West Virginia Route 28 approximately 62,061 feet to the beginning.

It is further ordered that the 26th day of April, 1999, at 7 p.m. at the Springfield VFD Community Building in Springfield, Hampshire County, 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 Green Spring Valley Public Service District or who owns property or who has an interest within said current District or the area to be added, mainly the community of Springfield, may appear and each will be given an opportunity to be heard for and against the Green Spring Public Service District expansion.

An it is further ordered that the Clerk of this Court shall cause notice of such hearing and the time and place thereof, together with the name of and a metes and bounds description of the territory to be included within the bounds of said amended Public Service District, to be published in the Hampshire Review, a newspaper of general circulation in Hampshire County, West Virginia, as a Class I legal advertisement in

compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, which said publication shall be at least ten (10) days prior to the day of the hearing herein fixed. And there shall also be posted in at least five (5) conspicuous places in the proposed District a notice containing the same information as contained in the published notice, said posted notices to be posted by a credible person or persons not less than ten (10) days before the hearing aforesaid.

And it is further ordered that the Clerk of this Court shall cause all publication costs relative thereto 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 COMMISSION

April 6, 1999

By: _____
President

9/8/81

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It appearing that all the provisions of law relating to the creation of public service districts have been complied with, and it having been further determined that the creation of a public service district as hereafter specified is feasible, and it further appearing that the construction or acquisition by purchase or otherwise, and maintenance, operation, improvement and extension of public service properties by such public service district will be conducive to the preservation of public health, comfort and convenience of such area, and it further appearing that on the 8th day of September, 1981, at 9:00 a.m., at the Courthouse in Romney, Hampshire County, West Virginia, after proper and lawful notice having been given, a hearing was held, at which time and place the citizens who lived within or who owned property or who have an interest in property situate in said district appeared and indicated that it was their desire that such district be created, and there being no objection thereto, and it further appearing that no other public service district or districts can adequately serve the area of the proposed public service district, whether by expansion, merger or other means, it is therefore ordered that, pursuant to the provisions of Article 13a, Chapter 16, of the Code of West Virginia, as amended, that a public service district be, and the same is hereby created in Hampshire County, West Virginia, to be known as Green Spring Valley Public Service District, and which is described by metes and bounds as follows:

> Beginning at the southern terminus of the bridge crossing the South Branch River on Secondary Route No. 3, four miles east of the Town of Springfield, in Springfield District, Hampshire County, West Virginia, thence by direct line, N. 32 15 E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence by direct line, N. 82 00 W., but along the meanders of the low water mark of the North Branch River and on the south side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence with the said County line, S. 36 45 W., 15,312.0 feet to a point; thence S. 65 15 W., 4,224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said County li... thence S. 30 15 W., 6,864.0 feet to the point where West Virginia Secondary Route No. 38/9 intersects said County line, said way being generally known as the Goldsborough Road; thence S. 40 55 E., 11,880.00 feet to a point in West Virginia Secondary Route No. 1, near the Town of Springfield and at the northern terminus of the Springfield Water Association, Inc., water line; thence S. 74 00 E., 10,560.00 feet to the beginning.

ILLIAM H. ANSEL JR.
ATTORNEY AT LAW
SMERY, WEST VIRGINIA

And from the date of the adoption of this Order, the said Public Service District shall be; and the same is by operation of law, a public corporation and political subdivision of this State with power of perpetual succession, but without power to levy or collect ad valorem taxes, and with such other powers as is now or may be authorized by law.

And it is further ordered that Lilburn W. Henderson, Robert Kott and William Ray Chesshire, properly qualified persons residing within the confines of the Green Spring Valley Public Service District, be, and they are hereby nominated, constituted and appointed members of a public service board to take charge of and to conduct the business of said Public Service District according to the powers and authority granted such public service board by the provisions of law; and the said Lilburn W. Henderson is hereby appointed to a term of six years on said board; and the said Robert Kott is appointed to a term of four years, and the said William Ray Chesshire is hereby appointed to a term of two years on said board. And it is further ordered that the members of said Public Service Board as above appointed and constituted shall appear as soon as practicable, ~~not exceeding thirty days from the date hereof~~, before the Clerk of this Court and qualify as such by taking the oath of office as required by law.

ENTER: James E. Williams
President

September 8, 1981

ILLIAM H. ARSEL JR.
ATTORNEY AT LAW
ISBEY, WEST VIRGINIA

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: Green Spring Valley Public Service District recorded in the Clerk's Office of the said County Court on the 8th day of September, 19 81 as full and complete as the same is now of record in said office, in Fiscal & Police Record Book No. 12 Page 202

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, 19 82

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 19th day of August, 1981, and posted at the front door of the Court House in Romney, WV.

(if required by law)

CORNWELL & AILES, INC., Publisher

By Nora L Kimble

Words_____ Cost, $_____

Handbills $_____

ORDER OF PUBLICATION

By Order entered in the County Commission of Hampshire County, West Virginia, on the 11th day of August, 1981, and pursuant to the provisions of Section 2, Article 13A, Chapter 16 of the Code of West Virginia, as amended, it is proposed that a public service district to be known as Green Spring Valley Public Service District, be created in Springfield District, Hampshire County, West Virginia, which said proposed District is more particularly described by metes and bounds as follows:

Beginning at the southern terminus of the bridge crossing the South Branch River on Secondary Route No. 3, four miles east of the Town of Springfield, in Springfield District, Hampshire County, West Virginia, thence by direct line, N. 32 15 E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence by direct line, N. 82 00 W., but along the meanders of the low water mark of the North Branch River and on the South side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence with the said County line, S. 36 45 W., 15,312.0 feet to a point; thence S. 65 15W., 4,224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said County line; thence S. 30 15 W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said County line, said way being genefally known as the Goldsborough Road; thence S. 40 55 E., 11,880.00 feet to a point in West Virginia Secondary Route No. 1, near the Town of Springfield and at the northern terminus of the Springfield Water Association, Inc., water line; thence S. 74 00 E., 10,560.00 to the beginning.

All persons residing in, or owning or having any interest in property in said proposed Green Spring Valley Public Service District are hereby notified that on the 8th day of September, 1981, at 9:00 a.m. at the Courthouse in Romney, Hampshire County, West Virginia, a hearing will be held by the County Commission of Hampshire County to determine whether said Public Service District should be created, at which time and place you may appear and you shall have an opportunity to be heard for and against its creation.

Nancy C. Feller
Clerk County Commission
Hampshire County, W. Va.
8-19-1c

8/11/1981

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** O R D E R **

It appearing that on the 24th day of July, 1981, an Order was entered by this Commission proposing that a public service district be created in Springfield District, Hampshire County, West Virginia, to be known as the Green Spring Valley Public Service District, and in said Order, it was directed that a hearing be held relative to the creation of the said District on the 11th day of August, 1981, at the Courthouse in Romney, West Virginia, beginning at 9:00 a.m., and it further appearing that the date set for said hearing was nineteen (19) days from the date of entry of said Order, whereas by law a period of twenty (20) days must elapse between the entry of Order and the hearing aforesaid, and to correct said error, another Order is entered relative to the creation of said Public Service District, as follows:

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 a public service district be created in that part or portion of Springfield District of the County of Hampshire, State of West Virginia, to be known as Green Spring Valley Public Service District, and which is more particularly described by metes and bounds as follows:

> Beginning at the southern terminus of the bridge crossing the South Branch River on Secondary Route No. 3, four miles east of the Town of Springfield, in Springfield District, Hampshire County, West Virginia, thence by direct line, N. 32 15 E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence by direct line, N. 82 00 W., but along the meanders of the low water mark of the North Branch River and on the south side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence with the said County line, S. 36 45 W., 15,312.0 feet to a point; thence S. 65 15 W., 4,224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said County line; thence S. 30 15 W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said County line, said way being generally known as the Goldsborough Road; thence S. 40 55 E., 11,880.00 feet to a point in West Virginia Secondary Route No. 1, near the Town of Springfield and at the northern terminus of the Springfield Water Association, Inc., water line; thence S. 74 00 E., 10,560.00 feet to the beginning.

It is further ordered that the 8th day of September, 1981, at 9:00 A.m. at the Courthouse in Romney, Hampshire County, 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 Green Spring Valley Public Service District or who owns property or who has an interest in

LIAM H. ANSEL, JR.
ITTORNEY AT LAW
NEY, WEST VIRGINIA

property within said District may appear and each will be given an opportunity to be heard for and against its creation.

And it is further ordered that the Clerk of this Court shall cause notice of such hearing and the time and place thereof, together with the name of and a metes and bounds description of the territory to be included within the bounds of said District, to be published in the Hampshire Review, a newspaper of general circulation in Hampshire County, West Virginia, as a Class I legal advertisement in compliance with the provisions of Article 3, Chapter 59 of the Code of West Virginia, which said publication shall be at least ten (10) days prior to the day of the hearing herein fixed. And there shall also be posted in at least five (5) conspicious places in the proposed District a notice containing the same information as contained in the published notice, said posted notices to be posted by a credible person or persons not less than ten (10) days before the hearing aforesaid.

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 COMMISSION

August 11, 1981

By: James E. Miller
President

LIAM H. ANSEL JR.
ATTORNEY AT LAW
HIRST, WEST VIRGINIA

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 CORRECTED ORDER Green Spring Public Service District recorded in the Clerk's Office of the said County Court on the 11th day of August 19 81 as full and complete as the same is now of record in said office, in Fiscal & Police Record Book No. 2 Page 110

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 19 82

Nancy C. Feller

Clerk of County Court of Hampshire County, West Virginia

7/24/81

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

> Beginning at the southern terminus of the bridge crossing the South Branch River on Secondary Route No. 3, four miles east of the Town of Springfield, in Springfield District, Hampshire County, West Virginia, thence, by direct line, N. 32 15 E., but following the meanders of the low water mark of said river and on the west side thereof, a distance of 66,528.0 feet to the confluence of the said South Branch and the North Branch Rivers; thence, by direct line, N. 82 00 W., but along the meanders of the low water mark of the North Branch River and on the south side thereof, 27,984.00 feet to the point where the Hampshire-Mineral County line intersects the said river; thence, with the said County line, S. 36 45 W., 15,312.0 feet to a point; thence, S. 65 15 W., 4,224.0 feet to the point where West Virginia Secondary Route No. 19 crosses said county line; thence, S. 30 15 W., 6,864.0 feet to the point where West Virginia Secondary Route No. 28/9 intersects said county line, said way being generally known as the Goldsborough Road; thence, S. 40 55 E., 11,880.00 feet to a point in West Virginia Secondary Route No. 1, near the Town of Springfield and at the northern terminus of the Springfield Water Association, Inc., water line; thence S. 74 00 E., 10,560.00 feet to the beginning.

It is further ordered that the 11 day of August, 1981, at 9:00 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 the proposed Green Spring Valley 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.

And it is further ordered that the Clerk of this Court shall cause notice of such hearing and the time and place thereof, together with the name of and a description of the territory to be included within the bounds of said district, to be published in the Hampshire Review, a newspaper of general circulation in Hampshire County, West Virginia, as a Class I legal advertisement in compliance with the provisions of Section I, Article 3, Chapter 59 et seq of this code, which said publication shall be at least ten days prior to the day of the hearing herein fixed.

LLIAM H. ANSEL, JR.
ATTORNEY AT LAW
HNEY, WEST VIRGINIA

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 Commission

July 24, 1981

By *James E. Mullett*
President

ILLIAM H. ANSEL, JR.
ATTORNEY AT LAW
HNEY, WEST VIRGINIA

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: Green Spring Valley Public Service District recorded in the Clerk's Office of the said County Court on the 24th day of July, 19 81, as full and complete as the same is now of record in said office, in Fiscal & Police Record Book No. 12, Page 100

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, 19 82

Nancy C. Feller

Clerk of County Court of Hampshire County, West Virginia

A meeting of the Hampshire County Commission held on Tuesday, January 3, 2006 at 9:00 a.m. in the conference room of the Hampshire County Courthouse. Leslie J. Shoemaker, Jr., President, Donald P. Cookman and Steve W. Slonaker, Commissioners were present.

The first order of business for the New Year was the election of a president to the County Commission. Commissioner Slonaker made a motion to elect Leslie J. Shoemaker, Jr. as president of the County Commission, Commissioner Cookman seconded the motion. Motion carried.

The minutes of December 20, 2005 were presented for approval. Commissioner Cookman made a motion to approve the minutes as presented, Commissioner Slonaker seconded the motion. Motion carried.

President Shoemaker, in the vacation of the Commission, attended the Hampshire County Development Authority meeting and reported they had offered the position of economic development director to Tom Jones, spoke to Nancy Ailes concerning the farm preservation resolution and will be meeting with her later in the day, advised that the infrastructure meeting will be held Friday, January 7, 2006 at Taggart Hall, and had been informed by the Hampshire County Planning Commission that they had appointed zoning committee members.

Commissioner Slonaker had received a call from Central Hampshire Public Service District Teddy Smith advising someone needed to be appointed to the Central Hampshire Public Service District board and received a call from Capon Springs Volunteer Fire and Rescue Squad advising communications had improved greatly.

Hampshire County Building Commission member Walter Davis gave an update on the installation of the elevator and advised all complaints are being recognized. Mr. Davis and Hampshire County OEM Director Michael Crouse discussed the installation of the generator in the courthouse annex.

Hampshire County E-911 Director Brian Boley submitted the request for proposals for the computer aided dispatch (CAD). Commissioner Cookman made a motion to approve Brian Boley to begin contract negotiation with Interact and submit a final document for approval, Commissioner Slonaker seconded the motion. Motion carried. Mr. Boley advised the Capon Springs radios are 90% finished, advised the county repeater license is still in coordination with the Federal Communication Commission, advised the legislature committee of the 911 counsel will be working on voice over internet protocol (IP) legislation and prepaid wireless and requested the support of the County Commission. Mr. Boley requested permission to negotiate an agreement with Bob Lott for yearly maintenance for radios and stated he had not received any notification from the Prosecuting Attorney concerning the pay increases for county E-911 dispatchers.

Juvenile Probation Officer Steve Davis advised a new probation officer would be appointed for our circuit in June, 2006 and requested office space in the courthouse. The County Commission advised they would speak with the Sheriff Nathan Sions concerning this office space.

The Commission proceeded to appoint a member to the Green Spring Valley Public Service District. Upon the recommendation of the present Green Spring Valley Public Service District members, Commissioner Cookman made a motion to appoint Gary Bradfield to the Green Spring Public Service District, Commissioner Slonaker seconded the motion. Motion carried.

An appointment to the Hampshire County Board of Health was discussed. Commissioner Slonaker made a motion to appoint Allen Niederberger, Commissioner Cookman seconded the motion. Motion carried.

County Clerk Sharon Link requested a transfer of $5,000.00 from the Emergency 911 Fund to the Emergency 911 Operating Fund. Commissioner Cookman made a motion to approve the transfer of funds, Commissioner Slonaker seconded the motion. Motion carried.

Assessor Frank Whitacre and employee Nancy Burkhart requested the courthouse annex bathroom be painted and the carpet replaced with linoleum. Mrs. Burkhart advised that Probation Officer Robert Hott would have community service people help with the painting and linoleum. Commissioner Cookman made a motion to have maintenance bring the courthouse annex bathroom up to acceptable standards, Commissioner Slonaker seconded the motion. Motion carried.

Commissioner Cookman had to leave the meeting.

Hampshire County E-911 Director Brian Boley presented a year service maintenance agreement for the radios at the 911 Center. Commissioner Slonaker made a motion to approve the maintenance agreement, President Shoemaker seconded the motion. Motion carried.

Compliance Office Charles Baker presented building permits for President Shoemaker to sign. Mr. Baker presented a change to the subdivision ordinance. The changes affect Section 3.3 Exemption Procedure for 3.2b; Section 4.4 Preliminary Plat conference; Section 7.1 Planning Commission time limits; Section 10.4 Flood-Prone areas; and Section 12.0 Road classes and design. Hampshire County Planning Commission Vice-President Evelyn Baker stated the changes had been approved by the Hampshire County Planning Commission. Commissioner Slonaker made a motion to adopt the changes to the subdivision ordinance with minor technical changes, President Shoemaker seconded the motion. Motion carried. Mr. Baker presented the Hampshire County Building Code ordinance. Upon review, Commissioner Slonaker made a motion to adopt the Hampshire County Building Code ordinance, as amended, President Shoemaker seconded the motion. Motion carried. Mr. Baker presented a bid information sheet for the Hampshire County Building Codes. The County Commission approved the request for bids advertisement. Mr. Baker advised a FEMA Community Rating System meeting will be held in Emmittsburg, Md on April 17 – 20 and requested permission to attend. The County Commission approved. Mr. Baker requested an executive session to discuss personnel. Commissioner Slonaker made a motion to go into executive session under WV Code 6-9A-4 exceptions, President Shoemaker seconded the motion. Motion

NOTE

carried. Upon reconvening, President Shoemaker stated issues of personnel were discussed with no action taken.

A resolution was not needed for the transportation enhancement grant program, however, Commissioner Slonaker made a motion to authorize President Shoemaker to sign documents related to this grant, 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.

Commissioner Slonaker made a motion to adjourn, President Shoemaker seconded the motion. Motion carried.

A meeting of the Hampshire County Commission held on Wednesday, June 23, 2004 at 9:00 a.m. in the conference room of the Hampshire County Courthouse. O. Grady Bradfield and Donald P. Cookman were present.

The minutes of June 9, 2004 were presented. Commissioner Cookman made a motion to approve the minutes as presented, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link had a request from Gloria Haines, member of the Hampshire County School Employees, to plant a tree at the park in memory of President Shoemaker's mother, Dianna Shoemaker. Commissioner Cookman made a motion to approve the planting of the tree at the park, Commissioner Bradfield seconded the motion. Motion carried

Commissioner Cookman discussed replacing the door at the Magistrate Court building with a metal door. The Commission will ask Mark Stickley, Maintenance Department, to contact Magistrate Eugene Billmeyer, concerning this matter.

County Clerk Sharon Link presented the oath of office for Edward Bolyard as a member of the Civil Service Commission. Commissioner Cookman made a motion to approve the oath of office, Commissioner Bradfield seconded the motion.

County Clerk Sharon Link presented grant applications for the Hampshire County Helping Adolescents Learn Trust (HALT) and Prevention Resource Officer (PRO) programs. Commissioner Cookman made a motion to authorize President Shoemaker sign the grant applications, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link, by request from E-911 Coordinator Brian Boley, presented a list of road names for the Commission to approve. Commissioner Cookman made a motion to approve the road names, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented the pledge agreement for deposits at the First National Bank of Romney. Commissioner Cookman made a motion to authorize President Shoemaker sign the pledge agreements, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented a letter from the State Auditor's Office for a request an audit for the fiscal year 2002-2003. Commissioner Cookman made a motion to approve President Shoemaker sign the letter, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented in-house budget revisions. Commissioner Cookman made a motion to approve the in-house budget revisions, Commissioner Bradfield seconded the motion.

Attorney H. Charles Carl, III, representing Thomas and Nancy Alkire, presented a petition of the Town of Capon Bridge for a minor boundary adjustment to its corporate boundaries and a copy of the plat of the area. Commissioner Cookman made a motion that finds the petition meets the threshold requirements for consideration of a minor boundary adjustment, authorized Sharon H. Link, Clerk of the County Commission, to

sign the order of publication that finds that the annexation could not be efficiently or cost effectively accomplished under WV Code 8-6-2 and WV Code 8-6-4, Commissioner Bradfield seconded the motion. Motion carried.

Mayor William Hicks, Robert Shilling, Dennis Morris and Dan Hileman, Town of Romney Park and recreation board members, requested funding for the city pool. The Commission having discussed this matter with Hampshire Center Director David Mayfield, approved the withdraw of the funds from the retained earnings at Hampshire Center. Commissioner Cookman made a motion to approve the transfer of the funds when received to the Romney Board of Park and Recreation Commission, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented a drawdown for the Springfield Rurritan Playground. Commissioner Cookman made a motion to approve the drawdown, Commissioner Bradfield seconded the motion. Motion carried.

Hampshire County Park and Recreation Director Bruce Nicholson gave an update on activities of the park and recreation department.

David Stacy, Commercial Insurance Services Sales Executive, was interviewed as an agent of record for the BRIM policy.

The Commission discussed the appointment of Mark Puffinburger as a member of the Green Spring Valley Public Service District. Commissioner Cookman made a motion to approve the appointment of Mark Puffinburger as a member of the Green Spring Valley P.S.D., Commissioner Bradfield seconded the motion. Motion carried.

Invoices were presented for approval. Commissioner Cookman made a motion to approve the invoices, Commissioner Bradfield seconded the motion.

Alissa Beth Parker, Edwards Insurance Agency and Financial Services, Inc., was interviewed as an agent of record for the BRIM policy.

J. W. Hughes did not appear for the 2:30 p.m. appointment.

Commissioner Cookman made a motion to adjourn, Commissioner Bradfield seconded the motion. Motion carried.

NOTE

A meeting of the Hampshire County Commission held on Wednesday, August 25, 2004 at 9:00 a.m. in the conference room of the Hampshire County Courthouse. Leslie J. Shoemaker, Jr., President, O. Grady Bradfield and Donald P. Cookman were present.

The minutes of August 11, 2004 were presented for approval. Commissioner Bradfield made a motion to approve the minutes as presented, Commissioner Cookman seconded the motion. Motion carried

President Shoemaker, in the vacation of the Commission, reported on the Farmland Preservation Board meeting and the next meeting to be held on September 16, had spoke with Park and Recreation Director Bruce Nicholson concerning a meeting to be held in Capon Bridge concerning an eastern county park and at a legislature interim meeting discussed floodplain ordinances.

Commissioner Bradfield discussed concerns with yard sales and flea markets held at a location in Augusta. The Commission will contact Afton Malick and the West Virginia Department of Highways concerning this matter.

Eastern Regional Family Resource Network Mari Freno, Erick Hendrickson and Amy Pancake presented a request for $5,000.00 for matching finds for the H.A.L. T. grant. Commissioner Cookman made a motion to bring this matter before the Commission at the next meeting and the Commission will investigate budgetary available funding in the county budget and other resources, Commissioner Bradfield seconded the motion. Motion carried.

Attorney H. Charles Carl, III, representing Lester and Judy Sirbaugh, presented a petition of the Town of Capon Bridge for a minor boundary adjustment to its corporate boundaries and a copy of the plat and description of the area. Commissioner Cookman made a motion that finds the petition meets the threshold requirements for consideration of a minor boundary adjustment, authorized Sharon H. Link, Clerk of the County Commission, to sign the order of publication that finds that the annexation could not be efficiently or cost effectively accomplished under WV Code 8-6-2 and WV Code 8-6-4, Commissioner Bradfield seconded the motion. Motion carried.

Commissioner Cookman recused himself from the meeting on the matter of the estate of Hal F. Burton.

James Billings, Attorney and petitioner for Barbara Lonas (not present), Curtis Power, Attorney for Helen Burton (present), Donald P. Cookman, Attorney for the estate, Prosecuting Attorney Stelphen Moreland and David Wanterworth were present. The petitioner requested a review of the will to see if it is a valid will and appoint a curator on the estate of Hal F. Burton, deceased. Mr. Powers stated the will was in proper form, properly executed and admitted to probate, a fiduciary commissioner was appointed and no evidence of any improprieties in the administration of this estate was presented and requested the Commission deny the appointment of a curator. Prosecuting Attorney Stephen Moreland, having reviewed the will and pleas, advised the Commission to deny the request for a curator and the petitioner could appeal to the Circuit Court. Commissioner Bradfield made a motion to deny the request for a curator on the advice of

the Prosecuting Attorney, President Shoemaker seconded the motion. Motion carried. The petitioner will prepare an order for recordation.

Prosecuting Attorney Stephen Moreland informed the Commission of the petition filed in Hampshire County Circuit Court styled Reggie A. Pressutti, Executor of the estate of Arthur D. Pressutti et als vs Gladys E. Pressutti, et als. Mr. Moreland advised the Commission is involved as owners of Central Hampshire Park as a beneficiary in the will. Mr. Moreland will file an answer to the petition.

Prosecuting Attorney Stephen Moreland discussed the letter of memorandum of understanding presented by the Hampshire County Pet Adoption. Mr. Moreland stated the first paragraph of the memorandum concerning the issue of the unrestricted access of Hampshire County Pet Adoption to the Animal Control Shelter needs to be clarified.

Sheriff John W. Corbin, Sr. presented a response to a FOIA letter he had received concerning drug prevention program grants. The Commission agreed the response was acceptable with them. Sheriff Corbin presented the application of Judith Riffle Judy for the full time position in the Treasurer Office. Commissioner Cookman made a motion to approve the full time position, Commissioner Bradfield seconded the motion. Motion carried.

The Commission discussed the appointment for the position of a board member to the Green Spring Valley P. S. D. Commissioner Cookman made a motion to appoint Roger Whisner, Commissioner Bradfield seconded the motion. Motion carried.

County Clerk Sharon Link presented an oath of office for Lori Stonebraker, deputy clerk in the Treasurer Office and Roy McHiggins as deputy sheriff for Hampshire County. Commission Cookman made a motion to approve both oaths of offices, Commissioner Bradfield seconded the motion. Motion carried.

A letter from Region 8 Solid Waste Authority informing the Commission the term of member Patrick Brady had expired. Commissioner Bradfield made a motion to re-appoint Mr. Brady to the Region 8 Solid Waste Authority, Commissioner Cookman seconded the motion. Motion carried.

A letter from Marlin C. Biggs notifying the Commission of his resignation from the Hampshire County Economic Development Authority. Hampshire County Development Authority Director David Pancake will attend the next County Commission on this matter.

County Clerk Sharon Link presented an in-house budget revision for the Assessor's Office. Commissioner Cookman made a motion to approve the in-house budget revision, Commissioner Bradfield seconded the motion. Motion carried.

Commissioner Bradfield discussed that the Hampshire County Development Authority looking at the Park and Recreation Board for financial funding for the gym at the wellness center. Commissioner Bradfield stated he felt the park and recreation department need to stay focused on park and recreation issues and the county financing stay strictly focused on the construction of the courthouse. Commissioner Bradfield advised he had spoken with Allen Hott, member of the Hampshire County Building Commission, and Mr. Hott will volunteer his time to the administration of the elevator

NOTE

construction project. Commissioner Bradfield made a motion to recommend Allen Holt to the Hampshire County Building Commission for the project administration, Commissioner Cookman seconded the motion. Motion carried.

Assessor Frank Whitacre and Larry Whitacre, resident of Capon Bridge, discussed a 2004 farm report on Mr. Whitacre's mother property that was not submitted. The Commission stated their policy was to exonerate the difference of the taxes plus add an additional 10% penalty. Assessor Whitacre will submit exoneration.

Assessor Frank Whitacre presented exonerations and consolidations. Commissioner Bradfield made a motion to approve the exonerations and consolidations, Commissioner Cookman seconded the motion. Motion carried.

Magistrate Eugene Billmeyer presented the funding of the magistrate court and discussed the alternative plan for sentencing of prisoners. Mr. Billmeyer will attend a magistrate meeting in September and will inform the Commission

Invoices were presented for approval. Commissioner Cookman made a motion to approve the invoices, Commissioner Bradfield seconded he motion. Motion carried.

Commissioner Cookman made a motion to adjourn, Commissioner Shoemaker seconded the motion. Motion carried.

District 2: Green Spring Valley Public Service District

Board Chairman: ~~Idiburn W. Henderson~~ Gary Bradfield

Term began: ~~07-01-1999~~ 01-03-06 Term expires: ~~06-30-05~~ 06-30-11

Board Member: Roger Whisner

Term began: 07-01-04 Term expires: 06-30-09

Board Member: Mark Puffinburger

Term began: 07-01-04 Term expires: 06-30-07

District 3: _____

Board Chairman: _____

Term began: _____ Term expires: _____

Board Member: _____

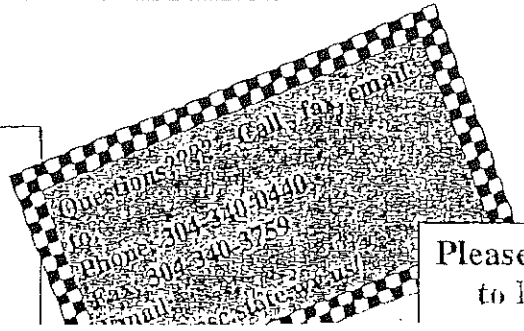
Term began: _____ Term expires: _____

Board Member: _____

Term began: _____ Term expires: _____

This form must be completed and returned to Drema Witt at the PSC by July 1, 2005.

Please return this form to:
Drema S. Witt
WV Public Service
Commission
P.O. Box 812



Please make copies of this form to list additional Districts

OATH OF OFFICE AND CERTIFICATE

BOOK 3 PAGE 487

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 GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT..... to the best of my skill and judgment SO HELP ME GOD.

(Signature of affiant) X [signature].....

Subscribed and sworn to before me, in said County and State, this.....23rd..day of....January .....19x. 2006.

Sharon H. Link County Clerk
Hampshire County Commission

SHARON H LINK
HAMPSHIRE County 01:22:19 PM
Instrument No 01732
Recorded Date 02/17/2006
Document Type OATH
Book-Page 3-487

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.

Gaston & Hamp, Inc., Spruce, WV Rt-Queen No.16001-05 Cr

OATH OF OFFICE AND CERTIFICATE

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 OF THE GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

.....

..... *to the best of my skill and judgment SO HELP ME GOD.*

(Signature of affiant) X Roger W Arsner

Subscribed and sworn to before me, in said County and State, this .....20TH..... *day of*

September ~~19~~ 2004

Sharon H. Link

SHARON H LINK
HAMPSHIRE County 10:06:43 A
Instrument No 64615
Recorded Date 09/23/2004
Document Type OATH
Book-Page 3-409

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 9/23/04 10:06 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.

Curtis A. Hunter, Inc., Bruceton, WV Re-Order No. 12880-02

OATH OF OFFICE AND CERTIFICATE

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 .....

.....GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT MEMBER.....

.....

..... *to the best of my skill and judgment SO HELP ME GOD.*

(Signature of affiant) [signature].....

Subscribed and sworn to before me, in said County and State, this .....29th..... *day of*

.....June..... ~~xx~~ 2004.

Sharon H. Link
County Clerk

HAMPSHIRE COUNTY CUMM.
OATH OF OFFICE CLERK 02
Date/Time: 07/15/2004 09:06
Inst #: 62489
Book/Page: 3- 7 373-
Recd/Tax: .00

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 7/15/04 9:06 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 & Hanna, Inc., Princeton, WV Re-Order No. 14387-04

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 3rd 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, two (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 three (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 18th day of April, 2006.

CHAIRMAN: _____ 4/18/06

ATTEST: Shelly L. Shanholtz 4/18/06

OFFICIAL SEAL
Notary Public, State of West Virginia
SHELLY L. SHANHOLTZ
HC 86 BOX 21
GREEN SPRING, WV 26722
My Commission Expires June 3, 2015

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

EXCERPT OF MINUTES ON ADOPTION OF RESOLUTION

The undersigned SECRETARY of the Public Service Board of Green Spring Valley Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a special meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Green Spring Valley Public Service District met in special session, pursuant to notice duly posted, on the 22nd day of June, 2010, in Hampshire County, West Virginia, at the hour of 11:30 a.m.

PRESENT:
Gary Bradfield
Mark Puffinburger
Roger Whisner
John Stump, Steptoe & Johnson

Mark Puffinburger, Chairman, presided, and Gary Bradfield, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Resolution in writing entitled:

A RESOLUTION RATIFYING THE MERGER OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT INTO CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Mark Puffinburger and seconded by Gary Bradfield, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

9E

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Green Spring Valley 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 30th day of June, 2010.

Secretary

135450.00006

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

P R E S E N T

On February 17, 1976, Harry G. Riley, President, George E. Herriott and Paul E. 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 8 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 (#1)) 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 THE CREATION AND PUBLICATION. recorded 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 northeasterly direction 36,200 ft. to a point (2) where county road 3 intersects county road 3/8; thence continuing in a northeasterly direction 28,400 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 intersectsatWest 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 operation 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 furt ordered that Afton R. Malick, Carl McBride, and James Pyles by, and they are hereby nominated, constituted and appointed member of a public service board to take charge of and t 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 the said Afton R. Malick shall be, and he is hereby appointed to a term of six years; and the 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

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 19 76 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 19 97.

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 [signature]
Words 585 Cost, $ 23.40
Hand Bills, $ _____

[illegible]
[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) betn the common corner of Gore Bloomery, Capon and Sher man Magisterial District; 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 Cou ty line; thence, following sai county line in a northweste ly direction approximate 48,000' to a point (#11) whe it intersects the wester boundary line of the She man Magisterial Dist thence, following said Ma isterial District line in northeasterly directio 34,900' to a point (#12) whe 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 lir in a northeasterly directi 5,000' back to the place beginning."

All persons residing in owning or having any inte est in property in such pr posed Central Hampshi Public Service District a hereby notified that on th 9th day of March, 1976, 10:00 a.m., in the Cou House at Romney, West Vi ginia, a hearing will be hel by the County Court Hampshire County, to d termine whether said Publ Service District should b created, at which time a place you may appear either approve or protest t creation of said District, a each of you will be given t right to be heard relati thereto.

Nancy C. Fel
Clerk County Cou
Hampshire Count
West Virgin
2-25-

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.

Alton R. Mallick
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 ~~19~~2001 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

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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 May, 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 ~~XX~~ 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.

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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).

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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
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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.

BOOK 3 PAGE 345

OATH OF OFFICE AND CERTIFICATE

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) X Glen J. Judy

Subscribed and sworn to before me, in said County and State, this 25th *day of*

June, 2003

Sharon H. Link

HAMPSHIRE COUNTY COMM.
OATH OF OFFICE Clerk
Date/Time: 07/03/2003 09:57
Inst #: 51922
Book/Page: 3- / 345
Rec'd/Tax: .00

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 7/3/03 9:53 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.

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.

CURTIS & HAYMAN, INC., SPENCER, WV RE-ORDER NO.16801-05 CTF

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.....19xx 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.

Castle & Harris, Inc., Spencer, WV Re-Order No. 15801-05 ctr

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.

CENTRAL HAMPSHIRE P.S.D.
R.R. 1, BOX 84
AUGUSTA, WV 26704
PHONE (304) 496-8882
FAX (304) 496-9104

JANUARY 7, 2010

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT HELD ITS REGULAR MONTHLY BOARD MEETING ON JANUARY 7, 2010 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
ERNIE CROUSE, GREENSPRING VALLEY PSD
LES SHOEMAKER, HAMPSHIRE COUNTY DEVELOPMENT AUTHORITY

RICHARD WOOD CALLED THE MEETING TO ORDER AT 6:00 P.M.

THE BOARD MEMBERS REVIEWED THE MINUTES OF THE PREVIOUS BOARD MEETING. BOB MOVED TO APPROVE THE MINUTES AS WRITTEN. BRIAN SECONDED THE MOTION. CHAIR CONCURRED.

IN JANUARY OF EACH YEAR AN ELECTION OF OFFICERS HAS TO BE HELD. BOB MOVED THAT THE SLATE OF OFFICERS REMAIN THE SAME AS THE PRIOR YEAR, WHICH IS RICHARD WOOD WOULD REMAIN AS PRESIDENT, ROBERT MAYHEW WOULD REMAIN AS SECRETARY, AND BRIAN JUDY WOULD REMAIN AS TREASURER. BRIAN SECONDED THE MOTION. CHAIR CONCURRED.

THE BOARD MEMBERS DISCUSSED A PAY ESTIMATE DRAW FROM REGION 8 FOR THE SEWER INTERCONNECTOR PROJECT IN THE AMOUNT OF $190,669.49. THERE WOULD BE $176,568.99 FOR GOLD DIGGERS AND $14,100.50 FOR THRASHER ENGINEERING. BOB MOVED TO APPROVE THE PAY REQUESTS. BRIAN SECONDED THE MOTION. RICHARD SIGNED ALL COPIES.

ERNIE DISCUSSED HIS WATER AND SEWER SYSTEM WITH THE BOARD MEMBERS.

THE BOARD MEMBERS REVIEWED AND DISCUSSED RUSSELL'S REPORTS.

DAN FERRELL FROM THRASHER ENGINEERING WAS UNABLE TO ATTEND, HOWEVER, HE SENT A MEMO WITH A CONSTRUCTION UPDATE. THE BOARD MEMBERS DISCUSSED THE DIRECTIONAL ROAD BORE ACROSS CARQUEST AND SHANHOLTZERS LOTS AND HANNAS ROAD. BOB MOVED TO APPROVE A CHANGE ORDER WITH THE STIPULATION THAT THE CONTRACTOR PROVIDE CENTRAL HAMPSHIRE WITH A FUSE GUN AND MJ JOINT FOR REPAIRS. BRIAN SECONDED THE MOTION. CHAIR CONCURRED

TEDDY INFORMED THE BOARD THAT GOLD DIGGERS HAD BUSTED THE WATERLINE TWICE IN OLD SUNRISE. HE SAID HE HAD BILLED THEM FOR PARTS AND WATER LOST. SO FAR WE HAVE NOT RECEIVED PAYMENT. THE BOARD ASKED TEDDY TO BRING IT UP AT THE NEXT BOARD MEETING WHEN THE ENGINEER WOULD BE THERE.

IN REFERENCE TO THE STAG GRANT DAN SAID HE HAD TALKED WITH CHRIS STROBEL OF CONGRESSMAN CAPITO'S OFFICE. IF WE WANT TO GIVE THE GRANT TO THE CITY OF ROMNEY FOR THE SEWER PLANT WE NEED TO WRITE A LETTER TO THAT AFFECT. THE BOARD DIRECTED JANET TO WRITE THE LETTER.

LES SHOEMAKER ATTENDED TO DISCUSS THE CAPON BRIDGE TECH PARK. THEIR TENANT WILL PROBABLY BE GONE BY APRIL AND HE WAS CONCERNED ABOUT WHAT NEEDED TO BE DONE WITH THE WATER AND SEWER WITHOUT ANY CUSTOMERS. THE BOARD MEMBERS ASKED TEDDY TO HELP LES FIND OUT THROUGH THE AGENCIES WHAT THE OPTIONS WOULD BE, THEN REPORT BACK AT NEXT MONTH'S BOARD MEETING.

TEDDY INFORMED THE BOARD MEMBERS THAT MR. & MRS. LARRY MOYERS AGREED TO THE TERMS THAT WERE DISCUSSED AT THE LAST BOARD MEETING IN REFERENCE TO THEIR EASEMENT FOR THE SEWER PROJECT. TEDDY SHOWED THEM A COPY OF THE AGREEMENT.

TEDDY SHOWED THE BOARD MEMBERS A COPY OF AN INCOME SURVEY REGION 8 WOULD LIKE US TO SEND OUT FOR THE CITY OF ROMNEY TO ALL THE CUSTOMERS WHOSE SEWAGE WOULD BE SENT TO THE CITY OF ROMNEY SEWER PLANT. THE BOARD APPROVED.

TEDDY REPORTED THAT HE HAD RECEIVED REPAIR PARTS FROM MAC INDUSTRIES FOR HARVEST HILLS SEWER PLANT. HE SAID RUSSELL WOULD INSTALL THE PARTS WHEN WEATHER PERMITTED.

THE BOARD MEMBERS DIRECTED TEDDY TO SEND A BILL TO THE COUNTY COMMISSION FOR WORK ANY OF OUR GUYS DO AT GREENSPRING.

THE BOARD MEMBERS ASKED TEDDY TO CHECK AT BOTH LOCAL BANKS TO GET QUOTES FOR TRANSFERRING THE $120,000.00 LOAN WE HAVE THROUGH THE HAMPSHIRE COUNTY DEVELOPMENT AUTHORITY. THEY ASKED HIM TO GET QUOTES FOR 20, 25, OR 30 YEARS AND INTEREST RATES FOR EACH AND REPORT BACK NEXT MONTH.

NEXT MEETING WILL BE FEBRUARY 3, 2010 AT 6:00 P.M. AT THE DISTRICT OFFICE.

BOB MOVED TO ADJOURN THE MEETING. BRIAN SECONDED THE MOTION. MEETING ADJOURNED AT 7:30 P.M.

RICHARD WOOD Richard A Wood

ROBERT MAYHEW

BRIAN JUDY

CENTRAL HAMPSHIRE P.S.D.
R.R. 1, BOX 84
AUGUSTA, WV 26704
PHONE (304) 496-8882
FAX (304) 496-9104

May 6, 2010

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT HELD ITS REGULAR MONTHLY BOARD MEETING ON MAY 6, 2010 AT 6:00 P.M. AT THE DISTRICT OFFICE.

THOSE ATTENDING:

RICHARD WOOD, CHAIRMAN
JOE PANCIONE, SECRETARY
BRIAN JUDY, TREASURER
TEDDY SMITH, GENERAL MANAGER
JANET HAINES, OFFICE MANAGER
MIKE SHREVE, THRASHER ENGINEERING
ANNA MARIE LANTZ, USDA
ERNIE CROUSE, GREENSPRING VALLEY PSD

THE MEETING WAS CALLED TO ORDER BY CHAIRMAN RICHARD WOOD.

JOE PANCIONE IS REPLACING BOB MAYHEW AS SECRETARY DUE TO BOB'S RESIGNATION. HE WILL BE FINISHING BOB'S UNEXPIRED TERM.

THE BOARD MEMBERS REVIEWED THE MINUTES OF THE PREVIOUS BOARD MEETING. BRIAN MOVED TO APPROVE AS WRITTEN. JOE SECONDED THE MOTION. CHAIR CONCURRED.

ANNA MARIE LANTZ FROM USDA ATTENDED TO PRESENT A LETTER OF CONDITIONS FROM RURAL DEVELOPMENT FOR THE MERGER WITH GREENSPRING VALLEY PSD. SHE HAD THE FOLLOWING FORMS TO BE ADOPTED AND EXECUTED:

FORM RD 400-4 – "ASSURANCE AGREMENT"
FORM RD 1910-11 – "APPLICANT CERTIFICATION, FEDERAL COLLECTION POLICIES"
FORM RD 1942-46 – "LETTER OF INTENT TO MEET CONDITIONS"

BRIAN MOVED TO ADOPT ANDEXECUTE THE AFORE MENTIONED FORMS. JOE SECONDED THE MOTION. CHAIR CONCURED.

MIKE SHREVE ATTENDED TO GIVE THE BOARD MEMBERS AN UPDATE ON THE SEWER INTERCONNECTOR PROJECT. HE DISCUSSED WITH THE BOARD SOME PROBLEMS THE CONTRACTOR WAS HAVING WITH JOHN HOTT ON SAND HILL ROAD. MR. HOTT WANTED THE ELECTRIC POLE MOVED AND THEN RUN UNDERGROUND ELECTRIC LINES TO THE FLOW METER. MIKE SAID HE DOESN'T HAVE ALL THE INFORMATION YET BUT THE COST TO CHANGE THIS WOULD BE $10,000-$15,000. JOE MADE A MOTION THAT IF CHANGES ARE LESS THAN $15,000 THEN WE SHOULD MOVE FORWARD WITH THE CHAIRMAN'S APPROVAL INSTEAD OF WAITING ANOTHER MONTH TILL OUR NEXT BOARD MEETING FOR THE CONTINGENT CHANGE ORDER. BRIAN SECONDED THE MOTION. CHAIR CONCURRED.

THERE IS A REVISED SCHEDULE FOR THE PROJECT.

PAY REQUISITION #10 WAS PRESENTED FOR APPROVAL AND RECOMMENDATION FOR PAYMENT. BRIAN MOVED TO APPROVE THE REQUISITION IN THE AMOUNT OF $201,141.50 FOR THE SEWER INTERCONNECTOR PROJECT. JOE SECONDED THE MOTION.

ERNIE GAVE HIS REPORTS AND DISCUSSED THEM WITH THE BOARD.

THE BOARD MEMBERS DISCUSSED RUSSELL'S REPORTS WITH TEDDY. THEY QUESTIONED THE FLOW METER TO HARVEST HILLS.

JACK MACINTOSH FROM WEST VIRGINIA RURAL WATER ARRIVED THIS MORNING TO HELP HUNT FOR A WATER LEAK. HE HAS BEEN WORKING WITH TRAVIS.

TEDDY ASKS THE BOARD IF HE COULD PUT HIS NEW TRUCK OUT ON BID

TEDDY SAID RUSSELL HAS STARTED REPLACING METERS AGAIN.

THE TELEMETRY SYSTEM ON THE SEWER PROJECT WAS BROUGHT UP FOR DISCUSSION. TEDDY SAID THE COMPANY WITH THE SATELLITE SYSTEM HAD BEEN IN AND GAVE A DEMONSTRATION. AFTER DISCUSSION BRIAN MADE A MOTION TO STAY WITH INSTRULOGIC AS SPECIFIED IN THE SPECIFICATION FOR THE PROJECT. JOE SECONDED THE MOTION. CHAIR CONCURRED.

TEDDY SAID HE HAD ORDERED THE NEW EQUIPMENT FOR THE SEWER TRUCK.

JANET HAD ENGAGEMENT LETTERS FROM JOHN KUNKLE FOR LAST YEAR FOR RICHARD TO SIGN.

JANET REPORTED THAT SHE IS WORKING ON THE BUDGET.

NEXT MEETING WILL BE JUNE 2, 2010.

BRIAN MOVED TO ADJOURN THE MEETING. JOE SECONDED THE MOTION.

RICHARD WOOD _____

JOE PANCIONE _____

BRIAN JUDY _____

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

EXCERPT OF MINUTES ON ADOPTION OF 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 special meeting of the said Public Service Board:

*** *** ***

The Public Service Board of Central Hampshire Public Service District met in special session, pursuant to notice duly posted, on the 22nd day of June, 2010, in Hampshire County, West Virginia, at the hour of 2:00 p.m.

PRESENT:
Richard Wood, Chairman
Brian Judy, Treasurer
Joe Pancione, Secretary
Ted Smith, General Manager
Janet Haines, Office Manager
John Stump, Steptoe & Johnson

Richard Wood, Chairman, presided, and Brian Judy, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

Thereupon, the Chairman presented a proposed Resolution in writing entitled:

A RESOLUTION RATIFYING THE MERGER OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT INTO CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Joe Pancione and seconded by Brian Judy, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

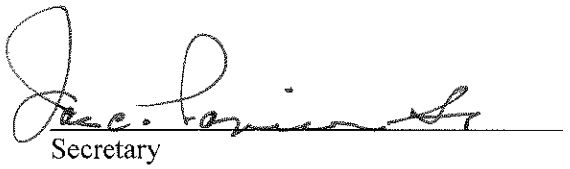
There being no further business to come before the meeting, on motion duly made and seconded, it was unanimously ordered that the meeting adjourn.

10F

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 30th day of June, 2010.



Secretary

135450.00006

STEPTOE & JOHNSON PLLC
P.O. BOX 1588
CHARLESTON, WV 25326-1588

7199

BOOK 491 PAGE 181

QUITCLAIM DEED

THIS QUITCLAIM DEED, made this 30th day of June, 2010, by and between GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT (hereinafter sometimes referred to as "Green Spring Valley"), a public corporation and political subdivision of the State of West Virginia, party of the first part, and CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT (hereinafter sometimes referred to as "Central Hampshire"), a public corporation and political subdivision of the State of West Virginia, party of the second part.

WHEREAS, Green Spring Valley adopted a resolution on June 22, 2010, ratifying the merger of Green Spring Valley into Central Hampshire, subject to Central Hampshire's assumption of Green Spring Valley's: (1) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds"); (2) Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"); (3) Water Refunding Bonds, Series 2006 A (Branch Banking and Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of $238,197 (the "Series 2006 A Bonds"); and (4) Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $591,000 (the "Series 2006 B Bonds") (collectively, the "Green Spring Valley Prior Bonds"), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of Green Spring Valley and Central Hampshire;

WHEREAS, Green Spring Valley has no existing sewer debt;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 07-1265-PSWD-PC, by Recommended Decision dated November 6, 2007, which became of Final Order of the Public Service Commission of West Virginia on November 26, 2007, approved and ordered the merger of Green Spring Valley into Central Hampshire;

WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of the Green Spring Valley Prior Bonds and certain Central Hampshire outstanding bonds, and Branch Banking and Trust Company, as bondholder of certain Green Spring Valley's Prior Bonds, has approved the merger of Green Spring Valley into Central Hampshire and the assumption of the Prior Bonds by Central Hampshire, and Green Spring Valley Public Service District is hereby executing and delivering this Quitclaim Deed to evidence the transfer of all right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, owned by Green Spring Valley Public Service District to Central Hampshire Public Service District; and

WHEREAS, the property described herein was obtained or improved with Federal financial assistance and is subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later.

NOW, THEREFORE, in consideration of said purchase of assets and the premises herein and Ten Dollars ($10.00), cash in hand paid, the receipt of which is hereby acknowledged, the party of the first part does hereby GRANT and CONVEY unto the party of the second part all of its right, title and interest in and to any and all real estate and interests in real estate, together with all improvements situate thereon and the appurtenances thereunto belonging, situate in Hampshire County, West Virginia, and more particularly bounded and described as shown on Exhibit A attached hereto.

For the same consideration aforesaid, the said party of the first part does hereby assign, transfer, set over and convey to the party of the second part all personal property, including, but not limited to, all inventory, accounts receivable, equipment, supplies, vehicles, furniture, fixtures, furnishings, improvements, other tangible personal property and any interest in personal property owned by the party of the first part, wherever located.

This conveyance is made subject to all exceptions, reservations, restrictions, easements, conditions and rights-of-way contained or mentioned in prior instruments of record affecting the subject property.

The undersigned party of the first part hereby declares that this conveyance is not subject to the West Virginia Excise Tax on the privilege of transferring real property because it is a conveyance from a political subdivision of the State of West Virginia to another political subdivision of the State of West Virginia.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, Green Spring Valley Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF HAMPSHIRE, TO-WIT:

I, Shirley C. Trimble, a Notary Public in and for the County and State aforesaid, do certify that Mark Puffenbarger Chairman, who signed the writing hereto annexed, bearing date the 22nd day of June, 2010, for GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 22nd day of June, 2010.

My commission expires March 15, 2017.

Shirley C. Trimble
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SHIRLEY C. TRIMBLE
HC 78, BOX 144 D
KIRBY, WV 26755
My commission expires March 15, 2017

This document prepared by:
John C. Stump, Esquire
STEPTOE & JOHNSON PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

EXHIBIT A

Parcel One:

All that certain tract or parcel of real estate situate in Springfield District, Hampshire County, West Virginia, containing 0.45 of an acre, more or less, and which said parcel is more particularly bounded and described as follows:

Beginning at a yellow poplar corner located approximately 1160' from a wooden bridge leading to Sam Peters Sawmill and further described as a corner of Westvaco Smith Tract and Sam Peters Sawmill Seat Tract; thence S 27 deg. E 141' to a stake; thence N 63 deg. E 100' to a rock pile, thence N 27 W 251' to a rock pile, thence S 15 deg. 30' W to the beginning. The described tract is part of the land conveyed to Westvaco Corporation by Samuel Peters, et ux, by deed dated May 13, 1948, recorded in the Office of the Clerk of the County Commission of Hampshire County, West Virginia, in Deed Book No. 114, at page 273.

The real estate conveyed herein is depicted on the 2001 Hampshire County Land Books as containing 0.45 of an acre, and being all of tax map 18, parcel 112, for Springfield District, Hampshire County, West Virginia, however this conveyance is made in gross, and not by the acre.

And being the same tract or parcel of real estate conveyed unto the Green Spring Valley Public Service District by deed of Springfield Water Association, dated April 22, 2002, and of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 416, at Page 344.

Parcel Two:

All those certain tracts or parcels of real estate situate along Hampshire County Route 1 near the Town of Green Spring, Springfield District, Hampshire County, West Virginia, containing 440 square feet, more or less, designated as "Lift Station", and 1,900 square feet, more or less, designated as "Generator Lot", being more particularly bounded and described as shown on that certain Description of Survey and Plat of Survey as prepared by Philip A. Taylor, P.S. of Thrasher Engineering, a copy of which said Description of Survey and Plat of Survey, titled Plat of Survey for Green Spring Valley P. S. D. showing Non-Clog Lift Station No. 1, and Generator Lot, and Generator Lot Access, are recorded with a deed in the Office of the Clerk of the County Commission of Hampshire County, West Virginia, in Deed Book 470, at Page 633.

And being the same tract or parcel of real estate conveyed unto the Green Spring Valley Public Service District by deed of Paul F. Kropf and Laurel Eve Taylor, as Successor Trustees of the Mary L. Kropf Amended and Restated Revocable Trust Agreement, dated December 7, 2007, and of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 470, at Page 633.

Parcel Three:

All that certain tract or parcel of real estate situate in Springfield District, Hampshire County, West Virginia, containing 1.84 acre, more or less, containing the spring and pumphouse facility of Green Spring Valley Public Service District, together with that certain 30' wide right of way leading from County Route 1/1 to the 1.84 acre tract, which was erroneously and inadvertently conveyed and released unto Walter L. Puffinburger by Deed of Green Spring Valley Public Service District dated September 2, 2005, and which deed is of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia, in Deed Book No. 456, at page 308.

And being the same tract or parcel of real estate conveyed unto the Green Spring Valley Public Service District by Quitclaim Deed of Walter L. Puffinburger, dated March 13, 2008, and of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 472, at Page 691.

Parcel Four:

All that certain tract or parcel of land situate on the waters of the Potomac River in the Community of Green Spring, Springfield District, Hampshire County, West Virginia, and more particularly bounded and described as shown on that certain Description of Survey as prepared by Kurt L. Newbrough, P.S., in August of 2002, said tract containing 1.781 acres, more or less, a copy of which said Description of Survey and Plat of Survey are attached to a deed of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia, in Deed Book No. 419, at Page 356.

And being the same tract or parcel of real estate conveyed unto the Green Spring Valley Public Service District by deed of Russell E. Haines and Estella Haines, dated November 12, 2002, and of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 419, at Page 356.

Parcel Five:

All that certain tract or parcel of real estate situate along Hampshire County Route 1 near the Town of Green Spring, Springfield District, Hampshire County, West Virginia, containing 1,932 square feet, more or less, being more particularly bounded and described as shown on that certain Description of Survey and Plat of Survey as prepared by Thrasher Engineering dated July, 2002, a copy of which said Description of Survey and Plat of Survey are attached to a deed of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia, in Deed Book No. 441, at page 215.

And being the same tract or parcel of real estate conveyed unto the Green Spring Valley Public Service District by deed of Charles R. Strzyz and Cynthia Strzyz, dated August 13, 2003, and of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 441, at Page 215.

Parcel Six:

All that certain tract or parcel of real estate situate along Hampshire County Route 1 near the Town of Green Spring, Springfield District, Hampshire County, West Virginia, containing 1,292 square feet, more or less, being more particularly bounded and described as shown on that certain Description of Survey and Plat of Survey as prepared by Thrasher Engineering in April of 2003, a copy of which said Description of Survey and Plat of Survey are attached to a deed of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 441, at Page 219.

And being the same tract or parcel of real estate conveyed unto the Green Spring Valley Public Service District by deed of Alma M. Messick, dated July 24, 2003, and of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 441, at Page 219.

Parcel Seven:

All that certain tract or parcel of real estate containing 10,000 square feet, more or less, situate near the Town of Green Spring, approximately 0.57 miles Southeast of Hampshire County Route 1/1 in Springfield District, Hampshire County, West Virginia, more particularly bounded and described as shown on that certain Description and Plat of Survey for Green Spring Valley Public Service District as prepared by Dwayne D. Metheny, PS, in August, 2005, a copy of which said Description of Survey is attached to a deed of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 456, at Page 311.

And being the same tract or parcel of real estate conveyed unto the Green Spring Valley Public Service District by Deed and Grant of Rights of Way of Walter L. Puffinburger, dated September 2, 2005, and of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 456, at Page 311.

Parcel Eight:

All that certain tract or parcel of real estate situate along Hampshire County Route 1 near the Town of Green Spring, Springfield District, Hampshire County, West Virginia, containing 1,089 square feet, more or less, being more particularly bounded and described as shown on the certain Description of Survey and Plat of Survey as prepared by Philip A. Taylor, P.S. of Thrasher Engineering dated March, 2004, a copy of which said Description of Survey titled Green Spring Valley PSD Pump Station No. 2, and Plat of Survey are attached to a deed of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book 441, at Page 224.

And being the same tract or parcel of real estate conveyed unto the Green Spring Valley Public Service District by deed of Theodore N. Bishoff, dated March 1, 2004, and of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 441, at Page 224.

Parcel Nine:

All hat certain tract or parcel of real estate, together with a right of way leading thereto, situate in Springfield District, Hampshire County, West Virginia, approximately two miles north of the Town of Springfield, West Virginia, and more particularly bounded and described as:

TANK SITE

Beginning at a set No. 5 rebar on the Southern edge of a 30 foot right-of-way which leads to West Virginia Route 1 and being in the property line (fence line) of James Fields' 46.5 acre tract which is recorded in Deed Book 162, page 432. Said rebar is located South 75 degrees, 53 minutes East 212.70 feet to the Western boundary limits of West Virginia Route 1.

Thence with a portion of Fields' boundary line and fence line North 47 degrees, 45 minutes West 100.00 feet to a set No. 5 rebar in Fields' line, said rebar being a new division corner.

Thence leaving the original line and with new division lines of Fields North 35 degrees, 43 minutes East 100.00 feet to a set No. 5 rebar, another new division corner.

Thence South 47 degrees, 45 minutes East 100.00 feet to a set No. 5 rebar, another new division corner.

Thence South 35 degrees, 43 minutes West passing the northern edge of aforesaid right-of-way at 70.00 feet and continuing in all 100.00 feet to the BEGINNING, containing 0.23 acre more or less as surveyed by Stultz & Associates, Inc., Romney, West Virginia, Charles W. W. Stultz, Licensed Land Surveyor during September, 1982 and as shown on a plat attached to a deed of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book 262, at Page 216.

30 FOOT RIGHT-OF-WAY

BEGINNING at a point on the Western boundary limits of West Virginia Route 1, said point being 89.50 feet from a 12" CMP, stone headwall.

Thence leaving said county route and with new division lines of Fields North 75 degrees, 53 minutes West 212.70 feet to a set No. 5 rebar in a line of Fields' 46.5 acre and being the first corner of the Tank Site as above described.

Thence leaving the original line and with the last line of the Tank site reversed North 35 degrees, 43 minutes East 30.00 feet to a point in said line.

Thence leaving said Tank Site and continuing with new division lines of Fields South 75 degrees, 48 minutes East 214.99 feet to a point in the Western boundary limits of West Virginia Route 1.

Thence with the Western boundary limits of aforesaid county route South 39 degrees, 53 minutes West 30.67 feet to the BEGINNING, containing 0.14 acre, more or less as surveyed by Stultz & Associates, Inc., Romney, Wet Virginia, Charles W.W. Stultz, Licensed Land Surveyor during

September, 1982 and as shown on a plat attached to a deed of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book 262, at Page 216.

The above parcels of land are a part of the 46.5 acre tract of land that was conveyed by James Fields by deed recorded in Deed Book 162, page 432.

And being the same tract or parcel of real estate conveyed unto the Green Spring Valley Public Service District by deed of James A. Fields and Doris Ann Fields, dated April 29, 1983, and of record in the Office of the Clerk of the County Commission of Hampshire County, West Virginia in Deed Book No. 262, at Page 216.

Sharon H Link
HAMPSHIRE County 11:59:03 AM
Instrument No 126907
Date Recorded 08/10/2010
Document Type DEED
Pages Recorded 1
Book-Page 491-181
Recording Fee $15.00
Additional $5.00

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 8/10/10 11:59am

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.

Casto & Harris, Inc., Spencer, WV Re-Order No. 3324-09 (29030-9/09 CTP)

Print Date Tuesday, Aug 10 2010
Print Time 12:01:58 PM

HAMPSHIRE County

Instrument No	126907
Recorded Date	08/10/2010
Transaction Time	11:59:03 AM
Name1	GREEN SPRING VALLEY P
UBLIC SERVICE DISTRICT	
Name2	CENTRAL HAMPSHIRE PUB
LIC SERVICE DISTRICT	
Document Type	DEED
Pages Recorded	9
Book-Page	491-181
Recording Fee	$15.00
SB592	$1.00
SB622D	$4.00
Total Due	$20.00
Multi Received	$20.00
Change	$0.00

STEPTOE & JOHNSON
P.O. BOX 1588
CHARLESTON, WV 25326-1588

71200

BILL OF SALE OF
GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

THIS BILL OF SALE, made this 30th day of June, 2010, by and between GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the "Seller" or "Green Spring Valley", and CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the "Purchaser" or "Central Hampshire";

WHEREAS, Green Spring Valley adopted a resolution on June 22, 2010, ratifying the merger of Green Spring Valley into Central Hampshire, subject to Central Hampshire's assumption of Green Spring Valley's: (1) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds"); (2) Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"); (3) Water Refunding Bonds, Series 2006 A (Branch Banking and Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of $238,197 (the "Series 2006 A Bonds"); and (4) Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $591,000 (the "Series 2006 B Bonds") (collectively, the "Green Spring Valley Prior Bonds"), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of Green Spring Valley and Central Hampshire;

WHEREAS, Green Spring Valley has no existing sewer debt;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 07-1265-PSWD-PC, by Recommended Decision dated November 6, 2007, which became of Final Order of the Public Service Commission of West Virginia on November 26, 2007, approved and ordered the merger of Green Spring Valley into Central Hampshire;

WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of the Green Spring Valley Prior Bonds and certain Central Hampshire outstanding bonds, and Branch Banking and Trust Company, as bondholder of certain Green Spring Valley's Prior Bonds, has approved the merger of Green Spring Valley into Central Hampshire and the assumption of the Prior Bonds by Central Hampshire, and Green Spring Valley is hereby executing and delivering this Bill of Sale to evidence the transfer of all right, title and interest in and to any and all personal property, tangible or intangible, and interests in personal property owned by Green Spring Valley to Central Hampshire; and

WHEREAS, the property described herein was obtained or improved with Federal financial assistance and is subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later.

WITNESSETH, that for the sum of Ten and 00/100 Dollars ($10.00), cash in hand paid by the Purchaser to the Seller, and for other good and valuable considerations, the

receipt and sufficiency of which are hereby acknowledged, the Seller does hereby sell, assign, transfer, set over and deliver to Purchaser all personal property, including, but not limited to, all inventory, accounts receivable, deposit accounts, certificates of deposit, other evidences of indebtedness of a third party to the Seller, claims, causes of action, agreements, including, but not limited to, any indemnification agreements, contracts, equipment, supplies, vehicles, furniture, fixtures, furnishings, improvements, and any other tangible or intangible personal property, and any interest in personal property owned by the Seller, wherever located and of whatever nature.

The Seller shall deliver possession of the aforesaid personal property to Purchaser on the date of this Bill of Sale.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, Green Spring Valley Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

GREEN SPRING VALLEY
PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF HAMPSHIRE, TO-WIT:

I, Shirley C. Trimble, a Notary Public in and for the County and State aforesaid, do certify that Mark Puffenbarger, Chairman, who signed the writing hereto annexed, bearing date the 22nd day of June, 2010, for GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 22nd day of June, 2010.

My commission expires March 15, 2017.

Shirley C. Trimble
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SHIRLEY C. TRIMBLE
HC 78, BOX 144 D
KIRBY, WV 26755
My commission expires March 15, 2017

This document prepared by:
John C. Stump, Esquire
STEPTOE & JOHNSON PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

Sharon H Link
HAMPSHIRE County 12:02:00 PM
Instrument No 126909
Date Recorded 08/10/2010
Document Type DOS
Pages Recorded 4
Book-Page 491-190
Recording Fee $5.00
Additional $6.00

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 8/10/10 12:02PM

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.

Casto & Harris, Inc., Spencer, WV Re-Order No. 3324-09 (29030-9/09 CTP)

71200

Print Date Tuesday, Aug 10 2010
Print Time 12:03:19 PM

HAMPSHIRE County
Instrument No 126908
Recorded Date 08/10/2010
Transaction Time 12:02:00 PM
Name1 GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
Name2 CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
Document Type BOS
Pages Recorded 4
Book-Page 491-190
Recording Fee $5.00
SB592 $1.00
SB6220 $5.00
Total Due $11.00
Multi Received $11.00
Change $0.00

BOOK 491 PAGE 194

STEPTOE & JOHNSON
P.O. BOX 1588
CHARLESTON, WV 25326-1588

71201

ASSIGNMENT OF RIGHTS OF WAY AND EASEMENTS OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

THIS ASSIGNMENT OF RIGHTS OF WAY AND EASEMENTS, made as of this 30th day of June, 2010, by and between GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the "Assignor" or "Green Spring Valley", and CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the "Assignee" or "Central Hampshire";

WHEREAS, Green Spring Valley adopted a resolution on June 22, 2010, ratifying the merger of Green Spring Valley into Central Hampshire, subject to Central Hampshire's assumption of Green Spring Valley's: (1) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds"); (2) Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"); (3) Water Refunding Bonds, Series 2006 A (Branch Banking and Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of $238,197 (the "Series 2006 A Bonds"); and (4) Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $591,000 (the "Series 2006 B Bonds") (collectively, the "Green Spring Valley Prior Bonds"), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of Green Spring Valley and Central Hampshire;

WHEREAS, Green Spring Valley has no existing sewer debt;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 07-1265-PSWD-PC, by Recommended Decision dated November 6, 2007, which became of Final Order of the Public Service Commission of West Virginia on November 26, 2007, approved and ordered the merger of Green Spring Valley into Central Hampshire;

WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of the Green Spring Valley Prior Bonds and certain Central Hampshire outstanding bonds, and Branch Banking and Trust Company, as bondholder of certain Green Spring Valley's Prior Bonds, has approved the merger of Assignor into Assignee and the assumption of the Green Spring Valley Prior Bonds by Assignee, and Green Spring Valley is hereby executing and delivering this Assignment of Rights of Way and Easements to evidence the transfer of all right, title and interest in and to any and all rights of way and easements owned by, or reserved to, Green Spring Valley to Central Hampshire; and

WHEREAS, the property described herein was obtained or improved with Federal financial assistance and is subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later.

WITNESSETH, that for the sum of Ten and 00/100 Dollars ($10.00), cash in hand paid by the Assignee to the Assignor, and for other good and valuable considerations, the

receipt and sufficiency of which are hereby acknowledged, the Assignor does hereby grant, sell, bargain, assign, transfer, set over, deliver and convey to Assignee all of its right, title and interest in and to any and all rights of way and easements, together with all appurtenant improvements, rights, and privileges, owned by, or reserved to, Green Spring Valley. The intent of this conveyance is to convey to Assignee any and all Rights of Way and Easements which Assignor may have, whether or not documents conveying same to Assignor have been recorded in the Office of the Clerk of the County Commission of Hampshire County, to which Assignor had an interest.

Pursuant to the provision of the West Virginia Code Section 11-22-1, Assignor declares that this conveyance is not subject to the excise tax on the privilege of transferring real property as the transfer is from a political subdivision of the State of West Virginia.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Green Spring Valley Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

GREEN SPRING VALLEY
PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF HAMPSHIRE, TO-WIT:

I, Shirley C. Trimble, a Notary Public in and for the County and State aforesaid, do certify that Mark Puffenburger, Chairman, who signed the writing hereto annexed, bearing date the 22nd day of June, 2010, for GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 22nd day of June, 2010.

My commission expires March 15, 2017.

Shirley C. Trimble
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SHIRLEY C. TRIMBLE
HC 78, BOX 144 D
KIRBY, WV 26755
My commission expires March 15, 2017

This document prepared by:
John C. Stump, Esquire
STEPTOE & JOHNSON PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

SHARON H LINK
HAMPSHIRE County 12:03:21 PM
Instrument No 126909
Date Recorded 08/10/2010
Document Type ROW
Pages Recorded 4
Book-Page 491-194
Recording Fee $5.00
Additional $6.00

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 8/10/10 12:03pm

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.

71201

Print Date Tuesday, Aug 10 2010
Print Time 12:08:15 PM

HAMPSHIRE County
Instrument No 126909
Recorded Date 08/10/2010
Transaction Time 12:03:21 PM
Name1 GREEN SPRING VALLEY
SERVICE DISTRICT
Name2 CENTRAL HAMPSHIRE PUB
LIC SERVICE DISTRICT
Document Type ROW
Pages Recorded 4
Book-Page 491-194
Recording Fee $5.00
SB592 $1.00
SB6220 $5.00
Total Due $11.00
Multi Received $11.00
Change $0.00

STEPTOE & JOHNSON
P.O. BOX 1588
CHARLESTON, WV 25326-1588

ASSIGNMENT OF JUDGMENTS OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

THIS ASSIGNMENT OF JUDGMENTS, made this 30th day of June, 2010, by and between GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the first part, hereinafter sometimes referred to as the "Assignor" or "Green Spring Valley", and CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia, party of the second part, hereinafter sometimes referred to as the "Assignee" or "Central Hampshire";

WHEREAS, Green Spring Valley adopted a resolution on June 22, 2010, ratifying the merger of Green Spring Valley into Central Hampshire, subject to Central Hampshire's assumption of Green Spring Valley's (1) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds"); (2) Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"); (3) Water Refunding Bonds, Series 2006 A (Branch Banking and Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of $238,197 (the "Series 2006 A Bonds"); and (4) Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $591,000 (the "Series 2006 B Bonds") (collectively, the "Green Spring Valley Prior Bonds"), the approval of the Public Service Commission of West Virginia and the approval of the bondholders of Green Spring Valley and Central Hampshire;

WHEREAS, Green Spring Valley has no existing sewer debt;

WHEREAS, the Public Service Commission of West Virginia, in Case No. 07-1265-PSWD-PC, by Recommended Decision dated November 6, 2007, which became of Final Order of the Public Service Commission of West Virginia on November 26, 2007, approved and ordered the merger of Green Spring Valley into Central Hampshire;

WHEREAS, the United States Department of Agriculture, acting through the Rural Utilities Service, as bondholder of the Green Spring Valley Prior Bonds and certain Central Hampshire outstanding bonds, and Branch Banking and Trust Company, as bondholder of certain Green Spring Valley's Prior Bonds, has approved the merger of Assignor into Assignee and the assumption of the Green Spring Valley Prior Bonds by Assignee, and Green Spring Valley is hereby executing and delivering this Assignment of Judgments to evidence the transfer of all right, title and interest in and to any and all judgments obtained in the course of collecting debts due Green Spring Valley to Central Hampshire; and

WHEREAS, the property described herein was obtained or improved with Federal financial assistance and is subject to the nondiscrimination provisions of Title VI of the Civil Rights Act of 1964, Title IX of the Education Amendments of 1972, section 504 of the Rehabilitation Act of 1973, and other similarly worded Federal statutes, and the regulations issued pursuant thereto that prohibit discrimination on the basis of race, color, national origin, handicap, religion, age, or sex in programs or activities receiving Federal financial assistance. Such provisions apply for as long as the property continues to be used for the same or similar purposes for which the Federal assistance was extended, for so long as the purchaser owns it, whichever is later.

WITNESSETH, that for the sum of Ten and 00/100 Dollars ($10.00), cash in hand paid by the Assignee to the Assignor, and for other good and valuable considerations, the

receipt and sufficiency of which are hereby acknowledged, the Assignor does hereby assign, transfer, set over and deliver to Assignee all of its right, title and interest in and to any and all judgments obtained in the course of collecting debts due Green Spring Valley.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Green Spring Valley Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

GREEN SPRING VALLEY
PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF HAMPSHIRE, TO-WIT:

I, Shirley C. Trimble, a Notary Public in and for the County and State aforesaid, do certify that Mark Ruffenbarger, Chairman, who signed the writing hereto annexed, bearing date the 22nd day of June, 2010, for GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 22nd day of June, 2010.

My commission expires March 15, 2017.

Shirley C. Trimble
Notary Public

This document prepared by:
John C. Stump, Esquire
STEPTOE & JOHNSON PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SHIRLEY C. TRIMBLE
HC 78, BOX 144 D
KIRBY, WV 26755
My commission expires March 15, 2017

IN WITNESS WHEREOF, Green Spring Valley Public Service District has hereto caused its corporate name to be signed and corporate seal to be affixed hereto by its proper officer thereunto duly authorized, all as of the day and year first hereinabove written.

GREEN SPRING VALLEY
PUBLIC SERVICE DISTRICT

[SEAL]

By _____
Its Chairman

STATE OF WEST VIRGINIA,

COUNTY OF HAMPSHIRE, TO-WIT:

I, Shirley C. Trimble, a Notary Public in and for the County and State aforesaid, do certify that Mark Puffenbarger, Chairman, who signed the writing hereto annexed, bearing date the 22nd day of June, 2010, for GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public corporation, has this day in my said County, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand and official seal this 22nd day of June, 2010.

My commission expires March 15, 2017.

Shirley C. Trimble
Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
SHIRLEY C. TRIMBLE
HC 78, BOX 144 D
KIRBY, WV 26755
My commission expires March 15, 2017

This document prepared by:
John C. Stump, Esquire
STEPTOE & JOHNSON PLLC
Post Office Box 1588
Charleston, West Virginia 25326
(304) 353-8000

Sharon H Link
HAMPSHIRE County 12:08:15 PM
Instrument No 126910
Date Recorded 08/10/2010
Document Type JUDG
Pages Recorded 4
Book-Page 15-46
Recording Fee $5.00
Additional $6.00

STATE OF WEST VIRGINIA, Hampshire County Commission Clerk's Office 8/10/10 12:08PM

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.

CASTO & HARRIS, INC., SPENCER, WV RE-ORDER NO. 3324-09 (2903D-9/09 CTP)

Print Date Tuesday, Aug 10 2010
Print Time 12:10:13 PM

HAMPSHIRE County
Instrument No 126910
Recorded Date 08/10/2010
Transaction Time 12:08:15 PM
Name1 GREEN SPRING VALLEY P
UBLIC DISTRICT
Name2 CENTRAL HAMPSHIRE PUB
LIC SERVICE DISTRICT
Document Type JUDG
Pages Recorded 4
Book-Page 15-46
Recording Fee $5.00
SB592 $1.00
SB6220 $5.00
Total Due $11.00
Check Received $11.00
Total Received $11.00

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

June 30, 2010

The Merger and Assumption of Debt by and between
Green Spring Valley Public Service District and Central Hampshire Public Service District

Central Hampshire Public Service District
Augusta, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as bond counsel in connection with (i) the merger of Green Spring Valley Public Service District (hereinafter "Green Spring Valley") into Central Hampshire Public Service District (hereinafter "Central Hampshire"), in Hampshire County, West Virginia, and (ii) the assumption and re-designation by Central Hampshire of the following obligations of Green Spring Valley (a) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds"), (b) Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"), (c) Water Refunding Bonds, Series 2006 A (Branch Banking and Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of $238,197 (the "Series 2006 A Bonds"), and (d) Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $591,000 (the "Series 2006 B Bonds") (collectively, the "Green Spring Valley Prior Bonds"), all issued pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act").

We have examined the applicable provisions of the Act, the orders of The County Commission of Hampshire County (the "County Commission") proposing and ordering the merger of Green Spring Valley into Central Hampshire duly adopted on July 10, 2007 and August 14, 2007, the resolution of Green Spring Valley ratifying its merger into Central Hampshire duly adopted on June 22, 2010, and the resolution of Central Hampshire ratifying the merger of Green Spring Valley into it duly adopted on June 22, 2010 (collectively the "Resolutions"), pursuant to and under which Act and Resolutions Green Spring

Valley is being merged into Central Hampshire (the "Merger"), and the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds of Green Spring Valley are assumed and re-designated by Central Hampshire.

As to questions of fact material to our opinion, we have relied upon the representations of the County Commission, Green Spring Valley and Central Hampshire, contained in the Resolutions and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation. Based upon the foregoing, 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 County Commission, Central Hampshire and Green Spring Valley have duly adopted all necessary resolutions and orders in connection with the Merger, and the assumption and re-designation of the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds by Central Hampshire.

2. The merger of Green Spring Valley into Central Hampshire has been duly authorized by Green Spring Valley. As of the date hereof, Central Hampshire holds valid title to all assets, including, but not limited to, real and personal property, formerly of Green Spring Valley.

3. Central Hampshire has assumed all obligations under, and responsibility for the payment of the principal of and interest on, the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds, solely from the Net Revenues of the water distribution and treatment system of Central Hampshire.

4. The Series 1970 Bonds have been re-designated by Central Hampshire as follows:

> Central Hampshire Public Service District Water Revenue Bonds, Series 1970 (United States Department of Agriculture) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 1970 (United States Department of Agriculture)).

5. The Series 1989 A Bonds have been re-designated by Central Hampshire as follows:

> Central Hampshire Public Service District Water Revenue Bonds, Series 1989 A (United States Department of Agriculture) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 1989 A (United States Department of Agriculture)).

6. The Series 2006 A Bonds have been re-designated by Central Hampshire as follows:

> Central Hampshire Public Service District Water Revenue Bonds, Series 2006 A (Branch Banking and Trust Company) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 2006 A (Branch Banking and Trust Company)).

7. The Series 2006 B Bonds have been re-designated by Central Hampshire Public Service District as follows:

Central Hampshire Public Service District Water Revenue Bonds, Series 2006 B (United States Department of Agriculture) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 2006 B (United States Department of Agriculture)).

8. The Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds are secured by a first lien on and pledge of the Net Revenues of the water distribution and treatment system of Central Hampshire, on a parity with respect to liens, pledge and source of and security for payment with one another and with Central Hampshire's: (1) Water Refunding Revenue Bonds, Series 2010, dated April 14, 2010, issued in the original aggregate principal amount of $125,000; (2) Water Revenue Bonds, Series 1992 (United States Department of Agriculture), dated September 21, 1992, issued in the original aggregate principal amount of $358,000; and (3) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $1,745,000.

9. Central Hampshire has reserved the right to issue additional bonds ranking on a parity with the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds, payable solely from the Net Revenues of the water distribution and treatment system of Central Hampshire.

Very truly yours,

STEPTOE & JOHNSON PLLC

05.27.10
135450.00006

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ATTORNEYS AT LAW
56 E. MAIN STREET
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WILLIAM C. KEATON
JULIE A. FRAZER
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June 30, 2010

Merger and Assumption of Debt by and between
Green Spring Valley Public Service District and Central Hampshire Public Service District

Central Hampshire Public Service District
Augusta, West Virginia

Rural Utilities Service
United States Department of Agriculture
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have acted as counsel to Central Hampshire Public Service District ("Central Hampshire") and Green Spring Valley Public Service District ("Green Spring Valley") in connection with the merger of Green Spring Valley into Central Hampshire, the assumption and re-designation of the (a) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds"), (b) Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"), (c) Water Refunding Bonds, Series 2006 A (Branch Banking and Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of $238,197 (the "Series 2006 A Bonds"), and (d) Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $591,000 (the "Series 2006 B Bonds") (collectively, the "Green Spring Valley Prior Bonds"), all issued pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act").

We have examined the applicable provisions of the Act, the orders of The County Commission of Hampshire County (the "County Commission") proposing and ordering the merger of Green Spring Valley into Central Hampshire duly adopted on July 10, 2007 and August 14, 2007, the resolution of Green Spring Valley ratifying its merger into Central Hampshire duly adopted on June 22, 2010, and the resolution of Central Hampshire ratifying the merger of Green Spring Valley

into it duly adopted on June 22, 2010 (collectively the "Resolutions"), pursuant to and under which Act and Resolutions Green Spring Valley is being merged into Central Hampshire (the "Merger"), and the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds of Green Spring Valley are assumed and re-designated by Central Hampshire.

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

1. Central Hampshire 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, with corporate power to merge with Green Spring Valley, to assume the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds, to re-designate the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds of Green Spring Valley and to operate and maintain the water and sewer systems, all under the Act and other applicable provisions of law. The members and officers of the Public Service Board of Central Hampshire have been duly and properly appointed and elected, have taken the requisite oaths and were, as of the date of their official actions, authorized to act on behalf of Central Hampshire in their respective capacities.

2. The Resolution of Central Hampshire has been duly adopted by the Public Service Board of the District and is in full force and effect.

3. Green Spring Valley 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, with corporate power to merge with Central Hampshire and to assign the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds, all under the Act and other applicable provisions of law. The members and officers of the Public Service Board of Green Spring Valley have been duly and properly appointed and elected, have taken the requisite oaths and were, as of the date of their official actions, authorized to act on behalf of Green Spring Valley in their respective capacities.

4. The Resolutions of Green Spring Valley have been duly adopted by the Public Service Board of the District and are in full force and effect.

5. To the best of our knowledge, the consummation of the transactions contemplated by the Resolutions 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 Central Hampshire, a breach of or default

under any resolution, agreement or other instrument to which Central Hampshire is a party or any existing law, regulation, court order or consent decree to which Central Hampshire is subject.

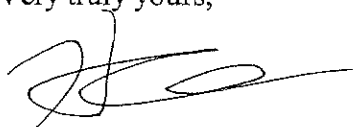
6. To the best of our knowledge, the consummation of the transactions contemplated by the Resolutions and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of Green Spring Valley, a breach of or default under any resolution, agreement or other instrument to which Green Spring Valley is a party or any existing law, regulation, court order or consent decree to which Green Spring Valley is subject.

7. Central Hampshire, Green Spring Valley and the County Commission have received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the Merger, and the assumption of the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds, including, without limitation, the receipt of all requisite orders and approvals from the Public Service Commission of West Virginia. Central Hampshire, Green Spring Valley and the County Commission have received the Recommended Decision date November 6, 2007, which became a Final Order of the Public Service Commission of West Virginia on November 26, 2007, in Case No. 07-1265-PSWD-PC, approving the Merger.

8. To the best of our knowledge, there is no litigation action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transaction contemplated by the Resolutions, the Merger, and the assumption and re-designation of the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds by Central Hampshire, the operation of the System, the collection of the Gross Revenues of Central Hampshire or the pledge of the Net Revenues of Central Hampshire for the payment of the Series 1970 Bonds, the Series 1989 A Bonds, the Series 2006 A Bonds and the Series 2006 B Bonds.

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

Very truly yours,



H. Charles Carl, III

05.27.10

CH5198599.2

CARL, KEATON & FRAZER, PLLC

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FAX (304) 822-7871

June 30, 2010

Central Hampshire Public Service District
Augusta, West Virginia

United States Department of Agriculture
Martinsburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Re: Final Title Opinion for Central Hampshire Public Service District

Ladies and Gentlemen:

We are counsel to Central Hampshire Public Service District (the "Issuer") in connection with the Issuer's merger with Green Spring Valley Public Service District (the "Merger"). We provide this final title opinion on behalf of the Issuer to satisfy the requirements of the United States Department of Agriculture – Rural Utilities Service (the "USDA") for the Acquisition. Please be advised of the following:

1. We are 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 consummate the Merger, as approved by the USDA.

2. We have investigated and ascertained the location of, and are familiar with the legal description of, the assets of Green Spring Valley Public Service District, including easements and/or rights of way.

3. We 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 Merger is to occur, and, in our opinion, the Issuer has acquired legal title or such other estate or interest in all of the assets of Green Spring Valley Public Service District, including all easements and/or rights of way.

4. All deeds, easements and rights of way 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 County to protect the legal title to and interest of the Issuer.

Very truly yours,

H. Charles Carl, III

05.27.10
135450.0000

Position 5

Form RD 442-22
(Rev. 10-96)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0015

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date June 30, 2010

Dear Sir:

I have reviewed the action taken by Green Spring Valley PSD in merging with Central Hampshire PSD and the transfer of all Deeds, Rights of Way and Easements necessary ~~(hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation~~. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way to be conveyed by Green Spring Valley PSD to Central Hampshire PSD needed to effectuate the merger as described in Par. C. ~~Certificate," executed by the Corporation on _____, 20____. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate".~~

Based on the foregoing examination, and to the best of my knowledge, information, and belief, I am of the opinion that:

A. The legal instruments by which the Corporation has acquired said rights-of-way (a) are in appropriate and due legal form and adequately confer upon the Corporation the necessary rights-of-way for the construction, operation, and maintenance of its facilities in their present or proposed location, and such omissions or defects as may exist will in no substantial way or manner endanger the value or operation of the facilities, and (b) have each been properly recorded in the appropriate public land records of each County in which any of the land affected thereby is situated. Such consents, releases, or subordinations from lienholders recommended by me or required by Rural Development have been obtained.

B. The legal instruments referred to above give unto the Corporation a continuous and adequate right-of-way to permit the construction, operation, and maintenance of the Corporation's facilities except as below noted.

C. Exceptions: None: All rights of way, deeds and easements now owned or held by Green Spring Valley PSD that are necessary to operate it's water and sewer systems have been properly acquired and are recorded in the Hampshire County Clerk's Office to the best of my knowledge and belief. These instruments shall be conveyed to Central Hampshire PSD to effectuate the merger. I have reviewed these conveyance instruments and find them legally suffient and proper to convey all rights of Green Spring Valley PSD to Central Hampshire PSD as follows:

1) Quit Claim Deed from Green Spring Valley PSD to Central Hampshire PSD
2) Bill of Sale from Green Spring Valley PSD to Central Hampshire PSD
3) Assignment of Rights of Way from Green Spring Valley PSD to Central Hampshire PSD.
4) Assignment of Judgments from Green Spring Valley PSD to Central Hampshire PSD.

Very truly yours,

H. Charles Carl, III

Attorney for Green Spring Valley PSD

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to U.S. Department of Agriculture, Clearance Officer STOP 7602, 1400 Independence Avenue, S. W, Washington, D. C. 20250-7602. Please DO NOT RETURN this form to this address. Forward to the local USDA office only. You are not required to respond to this collection of information unless it displays a currently valid OMB control number.

Position 5

Form RD 1927-10
(Rev. 7-98)

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0575-0147

FINAL TITLE OPINION

LOAN APPLICANT	ADDRESS OR PROPERTY COVERED BY THIS OPINION	
Central Hampshire PSD	Green Spring Valley PSD water and sewer systems located in northwest portion of Hampshire County, WV, in and around the city of Springfield and Green Spring.	
APPLICANT FOR TITLE EXAMINATION	COUNTY	STATE
N/A	Hampshire	West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to June (Date), 2010 at 9:05a a.m. p.m. (including the time of filing the current security instrument).

II. Based on said title examination, my preliminary title examination if any, and any additional information concerning the title which has come to my attention, it is my opinion that:

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in Central Hampshire PSD

as a Public Corporation
(Joint tenants, tenants by the entirety, etc.)

B. The United States of America holds a valid First (Priority) Mortgage (Mortgage, etc.) lien on said property as required by Rural Development or the Farm Service Agency, or their successor (Agency), ~~which lien was filed for record on _____, at _____ a.m. p.m. and is recorded in _____~~ See attached EXHIBIT 1 for explanation. (Date), (Book, page, and office).

C. Said property and lien are subject only to encumbrances, reservations, exceptions, and defects which were approved by written administrative waivers of the Agency attached hereto or to my Preliminary Title Opinion.

III. If a water right is involved and is not covered by the current security instrument, it is subject only to the encumbrances, reservations, exceptions, and defects set forth in said administrative waivers and was made available as security in the following manner (Water stock would normally be reissued in the names of said land owners and the United States of America and delivered to the Agency Official at the time of loan closing):

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0147. The time required to complete this information collection is estimated to average 20 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

IV. The term "encumbrances, reservations, exceptions, and defects" means all matters which would prevent the United States from obtaining the required lien on the property identified in paragraph I, including but not limited to (a) mortgages, deeds of trust, and vendors', mechanics', materialmen's, and all other liens, including any provisions thereof for future advances which could take priority over the said lien to the United States, (b) Federal, State, and local taxes, including county, school, improvement, water, drainage, sewer, inheritance, personal property, and income, (c) State and Federal bankruptcy, insolvency, receivership, and probate proceedings, (d) judgments and pending suits, in State and Federal courts, (e) recorded covenants; conditions; restrictions; reservations; liens; encumbrances; easements; rights-of-way; leases; mineral, oil, gas, and geothermal rights (regardless of the right of surface entry); timber rights; water rights; pending court proceedings and other matters of record which affect the title of the property or the ability of the buyer or seller to convey or accept title.

V. This opinion is issued expressly for the benefit of the above-named applicant for title examination and the United States of America acting through the United States Department of Agriculture Agency which provided the assistance, and I assume liability to each hereunder.

June 30, 2010
(Date)

H. Charles Carl, III *(Attorney's signature)*

Attachments

56 East Main Street, Romney, WV 26757
(Address, include ZIP Code)

EXHIBIT 1

II. B. This is a merger between Green Spring Valley PSD and Central Hampshire PSD, I have reviewed all transfer documents, such as, assignments, conveyances, assumptions, of the necessary deeds, rights of way and easements to effectuate the merger of Green Spring Valley PSD and Central Hampshire PSD including as follows:

a) Quit Claim Deed from Green Spring Valley PSD to Central Hampshire PSD

b) Bill of Sale from Green Spring Valley PSD to Central Hampshire PSD

c) Assignments of rights of way and easements from Green Spring Valley PSD to Central Hampshire PSD

d) Assignments of Judgments of Green Spring Valley PSD

I find these documents to be legally suffient to transfer and convey all interest of Green Spring Valley PSD to Central Hampshire PSD.

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

June 30, 2010

Central Hampshire Public Service District
Augusta, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Branch Banking & Trust Company
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Department of Environmental Protection
Charleston, West Virginia

West Virginia Infrastructure & Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

The Public Service Commission of West Virginia ("PSC") in Case No. 07-1265-PSWD-PC, by Recommended Decision entered November 6, 2007, which became a Final Order on November 26, 2007 approved the merger of Green Spring Valley Public Service District ("Green Spring Valley") into Central Hampshire Public Service District ("Central Hampshire"), (the "Merger"), contingent upon written bondholder approval from all bondholders of both Green Spring Valley and Central Hampshire and that Central Hampshire maintain the existing rates and charges of Green Spring Valley until otherwise ordered by the PSC.

WATER

Based upon the water rates and charges for Central Hampshire set forth in the Recommended Decision entered January 27, 2010, which became a Final Order of the PSC on February 16, 2010, in Case No. 09-0875-PWD-19A and the water rates and charges for Green Spring Valley set forth in the Recommended Decision dated July 30, 2009, which became a Final Order of the PSC on August 19, 2009, in Case No. 09-0162-PWD-19A, which rates are to remain in effect upon the Merger, the projected operating expenses and the anticipated customer usage as furnished to us by Central Hampshire and Green Spring Valley, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks systems (the "Water System") of Central Hampshire and Green Spring Valley, will pay all operating expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the existing Central Hampshire water revenue bonds, including its: (i) Water Refunding Revenue Bonds, Series 2010, dated April 14, 2010, issued in the original aggregate principal amount of $125,000, (ii) Water Revenue Bonds, Series 1992 (United States Department of Agriculture), dated September 21, 1992, issued in the original aggregate principal amount of $358,000; and (iii) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $1,745,000; and the existing

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304/263-9299 ▪ Fax 304/267-7032 ▪ e-mail: jckunkle@jckunkleassociates.com
MEMBER: AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

Green Spring Valley water revenue bonds including its (iv) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000; (v) Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000; (vi) Water Refunding Bonds, Series 2006 A (Branch Banking and Trust Company), dated June 29, 2006, issued in the original aggregate principal amount of $238,197; and (vii) Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $591,000 (collectively, the "Prior Water Bonds").

It is our further opinion that the Net Revenues actually derived from the Water System (i) for the Fiscal Year following the of the Merger are issued will be at least 120% of the average annual debt service requirements on the Prior Water Bonds; (ii) during any 12 consecutive months, within the 18 months immediately preceding the date of the Merger plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the Merger 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 Water Bonds.

SEWER

Based upon the sewer rates and charges for Central Hampshire set forth in the Recommended Decision entered December 18, 2008 which became a Final Order of the PSC on January 7, 2009 in Case No. 08-0497-PSWD-19A, and the sewer rates and charges for Green Spring Valley set forth in the Recommended Decision entered February 20, 2004 which became a Final Order of the PSC on March 11, 2004 and the Commission Order dated August 29, 2007 of the PSC in Case No. 03-1268-PSD-CN, and the projected operation and maintenance expenses and anticipated customer usage as furnished to us by Central Hampshire and Green Spring Valley, it is our opinion that such rates and charges **will not** be sufficient to provide revenues which, together with other revenues of the sewerage system (the "Sewer 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 all obligations secured by or payable from such revenues, including Central Hampshire'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"); (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"); and (v) 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") (collectively, the "Prior Sewer Bonds"). It is our opinion that the acquisition of the sewer system assets of Green Spring Valley by Central Hampshire **will improve** the financial condition of the Central Hampshire sewer system. Central Hampshire has filed in Case No. 10-0459-PSD-19A with the Public Service Commission of West Virginia for an increase in sewer rates and charges.

Very truly yours,

J. C. Kunkle & Associates, P.C.

Martinsburg, West Virginia

Central Hampshire Public Service District and Green Spring Valley Public Service District
Water Departments
PROFORMA CASH FLOW ANALYSIS
For the year ended June 30, 2009

	Central Hampshire Public Service District	Green Spring Valley Public Service District	Per Books Adjusted	Going Level Adjustments	Going Level	Pro Forma Adjustments	Pro Forma
Available cash							
Operating revenues	$ 786,767	$ 207,912	$ 994,679	$ 70,000	$ 1,064,679	$ -	$ 1,064,679
Other income	1,910	476	2,386	-	2,386	-	2,386
Total available cash	788,677	208,388	997,065	70,000	1,067,065	-	1,067,065
Cash requirements							
Operating expenses	654,904	129,997	784,901	-	784,901	20,000	804,901
Taxes other than federal income taxes	11,869	4,405	16,274	-	16,274	-	16,274
Total cash requirements	666,773	134,402	801,175	-	801,175	20,000	821,175
Total cash available for debt service	121,904	73,986	195,890	70,000	265,890	(20,000)	245,890
Debt service requirements							
Interest expense	99,338	47,142	146,480	(336)	142,579	-	142,579
Amortization of long-term debt	42,017	25,919	67,936	(5,129)	70,246	-	70,246
Total debt service	141,355	73,061	214,416	(5,465)	212,825	-	212,825
Reserve transfers							
Renewal and replacement reserve	19,669	5,198	24,867	-	24,867	-	26,617
Debt service reserve	9,444	-	9,444	-	9,444	-	9,444
Total reserve requirements	29,113	5,198	34,311	-	34,311	-	36,061
Cash surplus	$ (48,564)	$ (4,273)	$ (52,837)	$ 75,465	$ 18,754	$ (20,000.00)	$ (2,996)
Percentage coverage	86.24%	101.27%	91.36%		124.93%		115.54%

The going-level revenue adjustment reflects WVPSC approved rate increases

The going-level debt service adjustment reflects the payoff of the RUS 91-03 loan

The pro forma operating expense adjustment is to cover employment related benefits for GSVPSD employees

Compiled by J.C. Kunkle & Associates, A.C.
06/29/10 3:54 PM

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

NEW ISSUE REPORT FORM

Date of Report: 30-Jun-10

ISSUE: Central Hampshire Public Service District

ADDRESS: R.R. 1, Box 84, Augusta, West Virginia 26704 COUNTY: Hampshire

PURPOSE OF ISSUE:
New Money: _____
Refunding: _____

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: _____ CLOSING DATE: _____

ISSUE AMOUNT: _____ RATE: _____

1ST DEBT SERVICE DUE: N/A 1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT N/A PAYING AGENT: Issuer

BOND COUNSEL:
Firm: Steptoe & Johnson PLLC
Contact John Stump, Esquire
Phone: (304) 353.8196

UNDERWRITERS COUNSEL
Firm: _____
Contact: _____
Phone: _____

CLOSING BANK:
Bank: N/A
Contact: _____
Phone: _____

ESCROW TRUSTEE:
Firm: _____
Contact: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact: Richard Wood
Position: Chairman
Phone: (304) 496-8882

OTHER:
Agency: United States Department of Agriculture
Contact: Anna Marie Lantz
Position: Rural Development Specialist
Phone: 304.263.7547

DEPOSITS TO MBC AT CLOSE
By: _____ Wire _____ Accrued Interest: $ _____
_____ Check _____ Capitalized Interest: $ _____
_____ Reserve Account: $ _____
_____ Other: $ _____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire _____ To Escrow Trustee $ _____
_____ Check _____ To Issuer $ _____
_____ IGT _____ To Cons. Invest. Fun $ _____
_____ To Other: _____ $ _____

NOTES: See Attached for redesignation.

FOR MUNICIPAL BOND COMMISSION USE ONLY:
DOCUMENTS REQUIRED: _____
TRANSFERS REQUIRED: _____

NEW ISSUE REPORT ATTACHMENT

Central Hampshire Public Service District has assumed all obligations under, and responsibility for the payment of the principal of and interest on, the Green Spring Valley Public Service Districts: (1) Series 1970 Bonds; (2) Series 1989 A Bonds; (3) Series 2006 A Bonds; and (4) Series 2006 B Bonds, solely from the Net Revenues of the water distribution and treatment system of Central Hampshire Public Service District as shown below:.

(1) Green Spring Valley Public Service District's Series 1970 Bonds have been re-designated by Central Hampshire Public Service District as follows:

Central Hampshire Public Service District Water Revenue Bonds, Series 1970 (United States Department of Agriculture) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 1970 (United States Department of Agriculture)).

(2) Green Spring Valley Public Service District's Series 1989 A Bonds have been re-designated by Central Hampshire Public Service District as follows:

Central Hampshire Public Service District Water Revenue Bonds, Series 1989 A (United States Department of Agriculture) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 1989 A (United States Department of Agriculture)).

(3) Green Spring Valley Public Service District's Series 2006 A Bonds have been re-designated by Central Hampshire Public Service District as follows:

Central Hampshire Public Service District Water Revenue Bonds, Series 2006 A (Branch Banking and Trust Company) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 2006 A (Branch Banking and Trust Company)).

(4) Green Spring Valley Public Service District's Series 2006 B Bonds have been re-designated by Central Hampshire Public Service District as follows:

Central Hampshire Public Service District Water Revenue Bonds, Series 2006 B (United States Department of Agriculture) (formerly Green Spring Valley Public Service District Water Revenue Bonds, Series 2006 B (United States Department of Agriculture)).

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

2/16/2010

Entered: January 27, 2010

CASE NO. 09-0875-PWD-19A

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
Rule 19A application to increase water rates and charges

RECOMMENDED DECISION

PROCEDURE

On June 1, 2009, Central Hampshire Public Service District (District) filed an application pursuant to Rule 19A of the Commission's Rules for the Construction and Filing of Tariffs (Tariff Rules) requesting increased water rates and charges and also requesting emergency interim rate relief. The District stated that its water department must meet its 115% debt coverage requirements to complete the merger with Green Spring Valley Public Service District (Green Spring Valley) by June 30, 2009, as required by Commission Order. The District requested that an interim 8% rate increase be granted immediately to cover its operating and debt service cost. The District also included a cash flow analysis to support its request. The cash flow analysis indicated that the District's current rates and charges were generating a cash flow deficit of $47,645, with only a debt service coverage of 82.53%, while Green Spring Valley's operations were generating a $22,618 cash flow deficit, with only a 63.48% debt service coverage. After correcting errors and making going-level adjustments, the combined operations were generating a cash flow deficit of $39,138, and a debt service coverage factor of 97.75%. The requested interim rates were expected still to generate a cash flow deficit of $2,638, but should provide a debt service coverage factor of 116.55%.

On June 26, 2009, Staff Attorney Leslie Anderson filed the Initial Joint Staff Memorandum herein, attached to which was the Initial Staff Internal Memorandum prepared by Utilities Analysts Billy Belcher and Nathan Nelson of the Water and Wastewater Division. Technical Staff indicated that it had reviewed the filed cash flow analysis, but noted that the cash flow analysis submitted by the District represented operations at June 30, 2008. The District has received a rate increase since that time and Green Spring Valley has filed for a rate increase. The Staff-recommended rates in the District's most recent rate case, Case

No. 08-0497-PSWD-19A, increased rates for service rendered on and after January 7, 2009, so the District should be experiencing a debt service coverage of 127.71%. On May 21, 2009, in Green Spring Valley's current rate application, Case No. 09-0162-PWD-19A, Commission Staff issued a Final Joint Staff Memorandum which recommended an increase in Green Spring Valley's rates of 5.4% and would generate debt service coverage of 178.26%. Accordingly, Technical Staff indicated that it was cautious in developing interim rates, because, if the Commission's final rates and charges are lower than the proposed interim increase, the District would have to refund the excess revenues. Accordingly, Staff had asked the District's accountant to provide a cash flow analysis, by month, for the period of July 2008 through April 2009. Upon receipt of that information, Commission Staff would conduct a further analysis. Staff indicated that it is the District's belief that the rates approved in its most recent rate case, which became effective in early 2009, are not sufficient. Commission Staff stated that it would review the District's water operations as well as the year-to-date cash flow statement and submit its final rate recommendations within the deadlines required. In the Staff Attorney's memorandum, Staff Attorney Anderson pointed out the various notice requirements to the District.

By Commission Referral Order entered on July 8, 2009, the Commission referred this matter to the Division of Administrative Law Judges for a decision to be rendered on or before January 27, 2010, with Commission Staff to file its report on or before September 9, 2009. Additionally, the District was required to mail separate notices to each of its customers of its requested rate increase on or before August 14, 2009. However, the District did not timely comply with that requirement.

On July 30, 2009, the District filed the water department's monthly expenses for July 2008 through May 2009.

On August 3, 2009, Staff Attorney Anderson filed the Further Initial Joint Staff Memorandum, attached to which was an Interim Staff Internal Memorandum prepared by Mr. Belcher and Mr. Nelson. Commission Staff annualized the cash flow analysis prepared by the District for the period ended May 2009, and concluded that the District is operating with a cash flow deficit of $52,398 and debt service coverage of 83.52%. Because of the size of that deficit, Staff examined the cash flow analysis in Case No. 08-0496-PSWD-19A and found that the District's current operating revenues are $139,411 less than the revenues projected in the 2008 rate case. The revenue deficiency is partly a result of the fact that the actual increase in sales volumes was less than the sales volume increase projected in the rate case. Staff had projected annual volumes sold of 82,302 M gallons, whereas the actual annual volumes sold for the period ended June 30, 2009, was 67,791 M gallons, for a difference of 14,511 M gallons. That difference explains $121,167 of the revenue deficiency.

According to Staff, the basis for the projected sales increase in the 2008 case was the addition of over 200 customers coming on the system as a result of an expansion project approved in Case No. 05-0298-PWD-CN. Those customers connected to the system in August 2007, outside of the test year for the 2008 rate filing. However, their water consumption, coupled with probable water conservation of the existing 900 customers, has not increased water sales. Since the test year in the 2008 rate case, the District has obtained more than 200 additional customers, but

its overall sales have actually decreased by 897 M gallons. Following its review, Commission Staff recommended that an interim or emergency across-the-board rate increase of 7.5% be approved, which should generate a remaining cash surplus of $2,711 and debt service coverage of 122.29%. The rate increase should be subject to refund, should Staff's further review and audit indicate that the interim rates and charges were excessive.

On August 14, 2009, the District filed a letter indicating that its board had voted and approved a decision to request a 60-day extension of time for the final Staff recommendation in this case, so that Staff could use the most recent figures upon completion of the District's 2009 Annual Report.

On August 17, 2009, Staff filed its response to the District's motion, supporting the District's motion to extend the due dates.

By Commission Order entered on August 17, 2009, the District's request was granted and the Commission extended the Staff Report due date to November 9, 2009, and the Administrative Law Judge's decision due date to March 26, 2010.

On October 29, 2009, Commission Staff filed a motion to extend the ALJ and Staff due dates by 30 days, to enable Commission Staff to utilize the District's 2009 Annual Report. The District did not file its 2009 Annual Report until October 23, 2009. Technical Staff had completed its on-site review of the District's records, but needed additional time to review the Annual Report.

By Commission Order entered on November 6, 2009, the Commission granted the District an interim emergency rate increase, as recommended by Commission Staff, of 7.5% across-the-board, effective for all bills rendered on and after the date of the Commission's Order. The Commission also noted that the District may not have complied with the Notice of Filing requirements contained in the Commission's Tariff Rules, and as required by the Commission's Order of July 8, 2009. The District was ordered to immediately comply with the Notice of Filing requirements previously related to it. Finally, the Commission extended the Staff report date to December 9, 2009, and the Administrative Law Judge's decision due date to April 26, 2010. The District also was ordered to publish a Notice of Emergency Interim Rate Increase one time in a qualified newspaper published and of general circulation in each county where it provided service.

On November 12, 2009, the District filed information requested by Commission Staff.

On November 16, 2009, the District filed the required Tariff Form No. 6-A, indicating that, on November 12, 2009, the District finally mailed notices to its customers informing them that it was seeking a rate increase.

On November 23, 2009, the District filed the affidavit of publication for the Notice of Emergency Interim Rate Increase, verifying that the required notice was published on November 8, 2009.

On December 3, 2009, Staff Attorney Anderson filed the Staff Report in this matter, prepared by Utilities Analyst Pete Lopez of the Commission's Utilities Division. The District serves approximately 1,245 customers in Hampshire County, West Virginia. Its last rate increase was approved by the Commission in Case No. 07-0497-PSWD-19A, with the Order approving those rates and charges becoming final on January 2, 2009. The District's operations are audited on an annual basis by an independent CPA. The District's oversight is provided by its three board members, while the District's overall operations are managed on a day-to-day basis by its General Manager, who also is a Class I water operator. The District has an Office Manager and another office worker who handle billing and collecting and other administrative duties. The District has three other Class I water operators. The District allocates its shared expenses using the ratio of 63% water and 37% sewer. The District previously had been reimbursed by the Hampshire County Commission for one-half of the salary of one of its water operators. However, this arrangement ended on June 30, 2009. The District intends to employ that operator at his full salary. The District purchases all of its water from the City of Romney. The District has added approximately 250 customers since July 2007, related to Case No. 05-0298-PWD-CN. The District's water system includes five water storage tanks and several booster stations. The District is also in negotiations with Green Spring Valley, to merge that district into the District. The District also has a pending petition before the Commission regarding the refinancing of its 1976 GMAC bonds.

Staff reviewed all of the District's invoices for the test year and found them to be kept in an organized manner, separated by vendors and fiscal years. Staff made several per books adjustments to the District's records. Staff also made several going-level adjustments, including various payroll adjustments and benefits. All of the Staff per books and going-level adjustments are shown in Statement G of the Staff Report.

As of June 30, 2009, the District had a general fund checking account; an operation and maintenance checking account; a customer deposit savings account; a debt service reserve money market account; a depreciation reserve money market account; and a tank reserve savings account, totaling approximately $193,378. The District's long-term debt as of June 30, 2009, consisted of a 1976 Series Issue with an outstanding balance of $129,227; a 1992 Series Issue with an outstanding balance of $272,605; and a 2006A Series loan with an outstanding balance of $1,725,736. The debt reserves for the 1976 and the 1992 Series Issues are fully funded. Accordingly, Staff only included debt service reserve funding for the Series 2006A Issue in its report. The District will add a new loan in the amount of $12,000 from the Bank of Romney for the purchase of a new truck, and will use available funds on hand for the additional cost of the $31,000 truck. The District previously received approval to enter into that loan in Case No. 07-0497-PSWD-19A. Staff noted that the District's water operations had borrowed $25,771 from the sewer operations as of June 30, 2009, which was not approved by the Commission as required. Commission Staff recommended that the District use excess funds in its water operations debt service reserve account to pay back the sewer operations for the amount of the loan.

In calculating an adequate level of capital surplus for the District, Staff analyzed the District's five-year average of annual

capital additions, less any acquired debt or contributions in aid of construction. The average additions were adjusted by a construction cost index factor to account for cost increases. The five-year average calculated by Staff was $15,738. Staff noted that the District's depreciation or renewal and replacement reserve is funded at 2.5% of gross revenues, or approximately $21,239 annually, which is more than sufficient to cover the average annual additions amount of $15,738.

Based upon Commission Staff's review of the District's going-level operations, Commission Staff recommended an 8.2% across-the-board increase to those rates and charges. That increase represents an additional 0.006% increase over the approved 7.5% interim rate increase. The recommended rates will generate approximately $53,341 in additional annual operating revenue over and above going-level revenue. The Staff cash flow analysis indicated a going-level remaining cash deficit of $50,844, with debt service coverage of 85.43%. The Staff-recommended rates and charges result in a cash flow surplus of $175 and debt service coverage of 124.33%.

By Procedural Order issued on December 8, 2009, the District was directed to provide notice to its customers of the Staff-recommended increased rates and charges by publishing the noticed attached to that Order once a week for two consecutive weeks in a qualified newspaper published and of general circulation in Hampshire County, making due return to the Commission of proof of proper certification of publication immediately thereafter.

By Procedural Order issued on January 14, 2010, the District was again directed to file its affidavit of publication required in the Procedural Order issued on December 8, 2009, as well as Tariff Form 6B, no later than January 29, 2010, in order to bring this proceeding to a conclusion.

On January 19, 2010, the District filed Tariff Form 6B and an affidavit of publication from the Hampshire Review, a qualified newspaper published and generally circulated in Hampshire County, verifying that the required notice was published in that newspaper on December 16 and December 23, 2009. The ten-day protest period expired on January 2, 2010. As of the date of this Order, no letter of protest has been filed with the Public Service Commission in this matter. The Tariff Form 6B verified that the District had published the required notice and also certified that the District had no resale customers.

DISCUSSION

Upon consideration of all of the above, the Staff-recommended rates and charges for Central Hampshire Public Service District will be approved for use by the District for all service rendered on and after the date that this Order becomes final. The Staff-recommended rates were published in a qualified newspaper with no protests having been filed, and the District has fulfilled the other requirements for 19A proceedings established by the Commission's rules.

FINDINGS OF FACT

1. Central Hampshire Public Service District filed an application with the Commission pursuant to Rule 19A of the Tariff Rules requesting increased water rates and charges and emergency interim rate relief. (See, application filed June 1, 2009).

2. Following its initial review of the District's books and records, Commission Staff determined that the District was operating with an annual cash flow deficit of $52,398 and debt service coverage of only 83.52%, when its bond instruments require debt service coverage of 115%. Staff concluded that, in the District's previous 19A proceeding, Case No. 08-0497-PSWD-19A, Commission Staff had anticipated a sales increase because the District was adding over 200 customers as a result of the project certificated in Case No. 05-0298-PWD-CN. That sales increase and associated revenues were incorporated in the Staff rate recommendation in the 2008 19A proceeding. However, the water consumption of the new customers, coupled with the probable water conservation of the existing customers, resulted in no increase in sales. In fact, the District's annual sales decreased between 2008 and 2009 by 897 M gallons. Therefore, Commission Staff recommended approval of a 7.5% across-the-board emergency interim rate increase for the District, designed to generate additional annual revenues of $56,523 and debt service coverage of 122.29%. (See, Further Initial Joint Staff Memorandum and attachment filed August 3, 2009; Staff Report filed December 3, 2009).

3. The emergency interim rates were approved by the Commission by Commission Order entered on November 6, 2009. (See, November 6, 2009 Commission Order).

4. Following the conclusion of the Staff audit of the District, Staff recommended a total 8.2% across-the-board increase to the District's rates and charges, which included the 7.5% emergency interim rate increase, which should generate debt service coverage of 124.33%, with an annual cash flow surplus of $175 and a renewal and replacement reserve of $21,239, which should be sufficient to cover the District's five-year average of capital additions of $15,738. (See, Staff Report filed December 3, 2009).

5. During its review, Staff determined that the District's water operation had borrowed $25,771 from the District's sewer operation as of June 30, 2009. This borrowing was not approved by the Commission. Therefore, Staff recommended that the District use the excess funds it has in its water operation's debt service reserve account to repay the sewer operation for that loan. (See, Staff Report filed December 3, 2009).

6. The District provided notice of the Staff-recommended rates and charges by publishing the required notice once a week for two consecutive weeks in a qualified newspaper published and generally circulated in Hampshire County. As of the date of this Order, no protests have been filed in response to the Staff-recommended rates and charges. (See, affidavit of publication and Tariff Form 6B filed January 19, 2010; case file generally).

CONCLUSIONS OF LAW

1. The Staff-recommended rates and charges are sufficient, but not more than sufficient, to cover the District's reasonable and necessary operation and maintenance expenses, taxes other than income taxes, debt service requirements and necessary capital additions and, therefore, will be approved for use by the District for all service rendered on and after the date that this Order becomes a final order of the Public Service Commission.

2. It is reasonable to require the District's water operation to refund to the sewer operation the unapproved loan in the amount of $25,771, from the excess funds in the water operation's debt service reserve fund.

ORDER

IT IS, THEREFORE, ORDERED that the 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 it on and after the date that this Order becomes a final order of the Public Service Commission. Central Hampshire Public Service District shall file an original and no less than five (5) copies of a revised tariff setting forth the revised increased rates and charges approved herein, within thirty (30) days from the date that this Order becomes final.

IT IS FURTHER ORDERED that Central Hampshire Public Service District's water operation refund to the District's sewer operation the amount of $25,771, representing an unauthorized loan from the sewer operation to the water operation, with said repayment to be made out of the water operation's excess debt service reserve funds.

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

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to

make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Melissa K. Marland
Chief Administrative Law Judge

MKM:cdk
090875ab.wpd

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
CASE NO. 09-0875-PWD-19A

APPROVED RATES

APPLICABILITY

Applicable within entire territory served

AVAILABILITY

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

RATES (Customers with metered water supply)

First	2,000 gallons used per month	$12.06	per 1,000 gallons
Next	3,000 gallons used per month	$10.87	per 1,000 gallons
Next	15,000 gallons used per month	$10.12	per 1,000 gallons
All Over	20,000 gallons used per month	$ 9.03	per 1,000 gallons

MINIMUM CHARGE

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

5/8-inch meter	$ 24.12	per month
3/4-inch meter	$ 36.18	per month
1 -inch meter	$ 60.30	per month
1-1/2-inch meter	$ 120.59	per month
2 -inch meter	$ 192.95	per month
3 -inch meter	$ 385.90	per month
4 -inch meter	$ 602.97	per month
6 -inch meter	$1,205.93	per month

DELAYED PAYMENT PENALTY

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

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 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 of 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 consumer:

2-inch Service Line with hydrants, sprinklers, and/or hose connections	$ 4.00 per month
4-inch Service Line with hydrants, sprinklers, and/or hose connections	$16.00 per month
6-inch Service Line with hydrants, sprinklers, and/or hose connections	$40.00 per month
8-inch Service Line with hydrants, sprinklers, and/or hose connections	$60.00 per month

LEAK ADJUSTMENT

$5.26 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the District up to 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 2/12 of the average annual usage of the applicant's specific customer class, whichever is greater.

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
WV 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 C. 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.

P.S.C. W. Va. No. 7
Canceling P.S.C. W. Va. No. 6

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

a public corporation

OF

GREEN SPRING, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

WATER

at Green Spring, Springfield and environs, Hampshire County, West Virginia

Filed with **THE PUBLIC SERVICE COMMISSION**
of
WEST VIRGINIA

RECEIVED
09 SEP -9 AM 10:51
W.VA. PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Issued August 31, 2009

Effective for service rendered on and after August 19, 2009
or as otherwise provided herein

Issued by authority of orders of the Public Service Commission of West Virginia in Case No. 09-0162-PWD-19A final August 19, 2009 or as otherwise provided herein.

Issued by GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public corporation

By _____

Chairman
Title

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT (Water)

P.S.C. W.VA. Tariff No. 7
Original Sheet No. 1

RULES AND REGULATIONS

I. Rules and Regulations for the Government of Water 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.

(C) APPLICABILITY

Applicable within the entire territory served.

(C) AVAILABILITY

Available for general domestic, commercial and industrial water service.

(I) RATE

First	3,000 gallons used per month	$10.58 per 1,000 gallons
Next	3,000 gallons used per month	$ 9.41 per 1,000 gallons
Next	4,000 gallons used per month	$ 8.43 per 1,000 gallons
Next	10,000 gallons used per month	$ 7.31 per 1,000 gallons
Over	20,000 gallons used per month	$ 6.26 per 1,000 gallons

(C,I) MINIMUM CHARGE

No bill will be rendered for less than $31.74 according to meter size:

5/8	inch meter	$ 31.74 per month
3/4	inch meter	$ 47.61 per month
1	inch meter	$ 79.35 per month
1 -1/2	inch meter	$ 158.70 per month
2	inch meter	$ 253.92 per month
3	inch meter	$ 507.84 per month
4	inch meter	$ 793.50 per month
6	inch meter	$ 1,587.00 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.

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

TAP FEE

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

A tap fee of $150.00 will be charged to all customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to an applicant s premises that is associated with a certificate proceeding.

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

RECONNECTION $20.00

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

(C,I) LEAK ADJUSTMENT INCREMENT

$0.95 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

(N) 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.

(N) SECURITY DEPOSIT

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

(N) ADMINISTRATIVE FEE $15.00

To be charged in the event the District collects payment in full of a delinquent water bill at the customer's premise in lieu of discontinuance of service for nonpayment of a water bill.

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

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: July 30, 2009

FINAL

8/19/2009

CASE NO. 09-0162-PWD-19A

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT,
a public utility, Hampshire County.
Rule 19A application to increase water rates and charges

RECOMMENDED DECISION

On February 20, 2009, Green Spring Valley Public Service District ("District") filed with the Public Service Commission ("Commission"), pursuant to Rule 19A of the Commission's Rules for the Construction and Filing of Tariffs ("Tariff Rules"), an application for an interim emergency water rate increase of 11% and a permanent water rate increase of 19%.

On March 27, 2009, an Initial Joint Staff Memorandum from Staff Attorney Chris Howard, advising the District of the notice requirements of Tariff Rule 8.2, and an attached memorandum from Pete Lopez, of the Water and Wastewater Division, recommending a 14% interim emergency water rate increase, subject to refund, were filed.

On April 8, 2009, the District filed a completed Tariff Form No. 6-A, certifying that, on April 2, 2009, it had mailed a notice to each of its customers, which stated that the District was requesting a rate increase.

Also on April 8, 2009, the Commission issued an Order referring this matter to the Division of Administrative Law Judges for decision no later than October 19, 2009. Staff was ordered to file its final report no later than June 1, 2009.

On May 21, 2009, the Final Joint Staff Memorandum from Mr. Howard and the Staff Report, prepared by Mr. Lopez, were filed. Staff examined the District's books and records for the fiscal year ending June 30, 2008, and reported that the District is presently a water-only utility serving approximately 472 customers. Its last rate increase became effective in March 2008. The District's long-term debt (RUS Bonds from 1970, 1986, and 2006, and a bank loan) requires a total of $84,523

MKM

in annual payments. The District is operating at a $12,826 deficit. Staff calculated the revenue needed for capital expenditures, $2,534, on the basis of the average capital expenditures over the past five years. Staff recommended total revenues of $263,614, representing a 5.4% across-the-board rate increase "to the District's Going Level rates and charges." That revenue would provide a cash surplus of $31 and debt service coverage of 178.26%. Staff also lowered the leak adjustment rate and added to the District's present tariff a security deposit, a returned check charge, and an administrative fee, to be charged when a customer pays a delinquent bill at the customer's premises in order to avoid discontinuance of service.

On June 9, 2009, the undersigned issued a Procedural Order, which clarified, "The 'Going Level rates and charges' were the rates and charges Staff recommended as interim emergency rates, but those rates and charges were not approved by the Commission. Accordingly, the increase from the District's present rates and charges to the Staff-recommended rates and charges is actually approximately 20%." It was found that the record supported that the District accepted the Staff-recommended rates, and the District was ordered to provide notice to its customers, as required by Rule 8.2.i of the Commission's Rules for the Construction of Tariffs, including causing to be published in Hampshire County a copy of a completed Tariff Form No. 10, "Notice of Application to Change Water Rates, which was attached; to file with the Public Service Commission an affidavit of such publication; and to file a completed Tariff Form No. 6-B.

On July 6 and July 27, 2009, respectively, the District filed a completed Tariff Form No. 6-B and an affidavit of publication of the completed Tariff Form No. 10 on July 8 and 15, 2009, in the Hampshire Review.

DISCUSSION

The Tariff Form No. 10 that the District published was consistent with the form provided by the Tariff Rules, but it was not the notice that was attached to the June 9th Procedural Order, which included notice of the administrative fee and the returned check charge. The District's customers must be provided notice of those additions to the District's tariff; accordingly, the District will be required to provide notice of them by publishing the "Notice of Additions to Tariff," which is attached as Appendix B.

FINDINGS OF FACT

1. On February 20, 2009, Green Spring Valley Public Service District filed with the Public Service Commission, pursuant to Tariff Rule 19A, an application to increase its water rates; no specific rate increase was suggested. (See application).

2. The District provided its customers notice of its requested rate increase by separately mailing to them, on April 2, 2009, a notice of its requested water rate increase and by publishing a

completed Tariff No. 10, "Notice of Application to Change Rates," on July 8 and 15, 2009, in the Hampshire Review, and no protest was filed. The published Tariff No. 10 did not provide the District's customers notice of the returned check charge and the administrative fee. (See filings of April 8, 2009, and July 6 and 27, 2009; June 9, 2009 Procedural Order; case file generally).

3. Staff examined the District's books and records for the fiscal year ending June 30, 2008, and reported that the District's long-term debt required a total of $84,523 in annual payments, and the District is operating at a $12,826 deficit. Staff calculated the revenue needed for capital expenditures, $2,534, on the basis of the average capital expenditures over the past five years. Staff recommended total revenues of $263,614, approximately a 20% increase, which would provide a cash surplus of $31 and debt service coverage of 178.26%. Staff also lowered the leak adjustment rate and added to the District's present tariff a security deposit, a returned check charge, and an administrative fee, to be charged when a customer pays a delinquent bill at the customer's premises in order to avoid discontinuance of service. (See Final Joint Staff Memorandum and Staff Report filed May 21, 2009; Procedural Order of June 9, 2009).

CONCLUSIONS OF LAW

1. It is appropriate to approve the Staff-recommended rates, charges, and other tariff changes, as provided in Appendix A hereto, because the Staff-recommended rates and charges provide revenue sufficient, but not more than sufficient, to cover the District's reasonable and necessary operating expenses and debt service and to provide the District a reasonable surplus for capital additions, and because no protest to them was filed.

2. It is appropriate to order the District to publish the attached Notice of Additions to Tariff.

ORDER

IT IS, THEREFORE, ORDERED that the rates and charges and other tariff changes, as provided in Appendix A of this decision, are approved for use by Green Spring Valley Public Service District, to become effective for all service rendered on and after the date on which this decision becomes final, provided however that the District may not charge either the returned check charge or the administrative fee until the day after the second date of the publication required below.

IT IS FURTHER ORDERED that, as soon as possible, Green Spring Valley Public Service District cause a copy of the Notice of Additions to Tariff, attached hereto as Appendix B, to be published once a week for two (2) consecutive weeks, in a qualified newspaper as provided in W. Va. Code §59-3-1 et seq., published and of general circulation in Hampshire County, and to make due return to the Commission of an affidavit of said publication immediately thereafter.

IT IS FURTHER ORDERED that Green Spring Valley Public Service District file an original and at least five (5) copies of a proper tariff reflecting the rates and charges approved herein within thirty (30) days of the date that this Order becomes final.

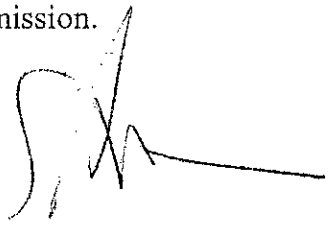
IT IS FURTHER ORDERED that this matter be removed from the Commission's docket of open cases.

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 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 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 Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.



Sunya Anderson
Administrative Law Judge

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090162aa.wpd

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
CASE NO. 09-0162-PWD-19A

APPROVED TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial water service.

RATES

First	3,000 gallons used per month	$10.58 per 1,000 gallons
Next	3,000 gallons used per month	$ 9.41 per 1,000 gallons
Next	4,000 gallons used per month	$ 8.43 per 1,000 gallons
Next	10,000 gallons used per month	$ 7.31 per 1,000 gallons
All over	20,000 gallons used per month	$ 6.26 per 1,000 gallons

MINIMUM CHARGE

No bill will be rendered for less than $31.74 according to meter size:

5/8 inch meter	$ 31.74 per month
3/4 inch meter	$ 47.61 per month
1 inch meter	$ 79.35 per month
1½ inch meter	$ 158.70 per month
2 inch meter	$ 253.92 per month
3 inch meter	$ 507.84 per month
4 inch meter	$ 793.50 per month
6 inch meter	$1,587.00 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

A tap fee of $150.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This 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 $250.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the service.

RECONNECTION $20.00

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

LEAK ADJUSTMENT INCREMENT

$0.95 per 1,000 gallons of water is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average 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 2/12ths of the average annual usage of the applicant's specific customer class, whichever is greater.

ADMINISTRATIVE FEE $15.00

To be charged in the event the District collects payment in full of a delinquent water bill at the customer's premise in lieu of discontinuance of service for nonpayment of a water bill.

APPENDIX B

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
CASE NO. 09-0162-PWD-19A

NOTICE OF ADDITIONS TO TARIFF

By Recommended Decision issued July 30, 2009, Green Spring Valley Public Service District was authorized to add to its tariff the following provisions:

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.

ADMINISTRATIVE FEE $15.00

To be charged in the event the District collects payment in full of a delinquent water bill at the customer's premise in lieu of discontinuance of service for nonpayment of a water bill.

The District is not authorized to begin charging these fees until the day after the second publication of this Notice and, in any event, no sooner than August 20, 2009.

P.S.C. W. Va. No. 1
Canceling P.S.C. W. Va. No.

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public utility

OF

GREEN SPRING, WEST VIRGINIA

RATES, RULES AND REGULATIONS FOR FURNISHING

SEWERAGE AND SEWAGE DISPOSAL SERVICE

at Green Spring, Hampshire County, West Virginia

Filed with THE PUBLIC SERVICE COMMISSION
of
WEST VIRGINIA

RECEIVED
09 NOV 30 AM 10:35
W VA PUBLIC SERVICE COMMISSION
SECRETARY'S OFFICE

Issued November 18, 2009

Effective for services on and after August 1, 2009
or as otherwise provided herein

Issued by authority of an Order of the
Public Service Commission of West Virginia
in Case No. 03-1268-PSD-CN final March 11, 2004
and effective upon substantial completion or as
otherwise provided herein

Issued by GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public utility

By Mark Ruffner

Chairman
Title

GREEN SPRING VALLEY
PUBLIC SERVICE DISTRICT (Sewer)

P.S.C. W.Va. Tariff No. 1
Original Sheet No. 1

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.

GREEN SPRING VALLEY
PUBLIC SERVICE DISTRICT (Sewer)

P.S.C. W. Va. No. 1
Original Sheet No. 2

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

Available for general domestic, commercial, institutional and industrial service

RATE

$7.50 per 1,000 gallons

FLAT RATE CHARGE

Equivalent of 4,500 gallons of water usage or $33.75 per month

MINIMUM CHARGE

No bill shall be rendered for less than $22.50 per month.

DELAYED PAYMENT PENALTY

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

TAP FEE

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

A tap fee of $150.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

A tap fee of $350.00 will be charged to customers applying for service outside 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 up to 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

$1.75 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 customer's historical average usage.

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 29th day of August, 2007.

CASE NO. 03-1268-PSD-CN

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT,
a public utility.

Application for a Certificate of Convenience and necessity to construct, operate and maintain a sewage collection and treatment system.

COMMISSION ORDER

This Order approves additional grant funding for the Green Spring Valley Public Service District's project.

BACKGROUND

In a Recommended Decision issued February 20, 2004 (Final Order, March 11, 2004), the Commission granted a certificate of convenience and necessity to the Green Spring Valley Public Service District (District) for a sewer upgrade project involving a 35,000 gallons-per-day package wastewater treatment plant, six miles of sewer line, and eight pump stations. The original estimated cost of the project was $2,390,000 and was to be funded by a Small Cities Block Grant in the amount of $1,250,000 and a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $1,140,000.

On August 9, 2007, the District filed a petition to reopen this proceeding to modify the project cost and funding. The District stated that the bids for the project came in over the estimated cost by $900,000, increasing the overall project cost to $3,290,000. The District obtained additional funding (pending Commission approval) in the form of (i) a $100,000 grant from the Hampshire County Commission, (ii) a $400,000 grant from the Appalachian Regional Committee, and (iii) a $400,000 grant from the US Army Corps of Engineers.

On August 21, 2007, Commission Staff (Staff) filed its "Initial and Final Joint Staff Memorandum." Staff stated that the change in the project cost and the additional grant funding would not change the operation and maintenance costs of the project and would not require a rate increase. Staff stated that the project's per-customer cost of $29,909 was high,

but because (i) the project costs are entirely grant-funded, and (ii) a rate increase will not be necessary, the Commission should approve the increased project cost and funding.

DISCUSSION

The Commission will approve the (i) increased project costs of $3,290,000, (ii) $100,000 grant from the Hampshire County Commission, (iii) the $400,000 grant from the Appalachian Regional Committee, and (iv) the $400,000 grant from the US Army Corps of Engineers.

The Commission is concerned by the project's high per-customer cost, but will approve the additional cost and the grant funding because (i) the additional project costs are funded by grants and (ii) there is no rate impact associated with the additional funding.

FINDINGS OF FACT

1. The District seeks approval of (i) a $900,000 increase in project costs and (ii) additional grant funding for those additional costs.

2. Staff recommends approval of the additional project costs and additional grant funding.

CONCLUSION OF LAW

Because the increased project costs are grant-funded and no rate increase will be necessary, it is reasonable to approve (i) the increased project cost of $3,290,000, and (ii) the increased grant funding from the Hampshire County Commission ($100,000), Appalachian Regional Committee ($400,000), and the US Corps of Engineers ($400,000).

ORDER

IT IS THEREFORE ORDERED that the petition to reopen filed by the District on August 9, 2007, is hereby granted.

IT IS FURTHER ORDERED that the District's increased project costs of $3,290,000 is hereby approved.

IT IS FURTHER ORDERED that the $100,000 grant from the Hampshire County Commission, the $400,000 grant from the Appalachian Regional Committee, and the $400,000 grant from the US Corps of Engineers, are hereby approved.

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

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

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

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

A True Copy, Teste:

Sandra Squire
Executive Secretary

JJW/klm
031268ca.wpd

031268alj022004.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

ORIG

04-G

Issued: February 20, 2004

FINAL
3-11-04

CASE NO. 03-1268-PSD-CN

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a public utility, PO Box 95A, Green Spring, Hampshire County.

Application for a certificate of convenience and necessity to construct a sewage collection and treatment system.

RECOMMENDED DECISION

On August 13, 2003, Green Spring Valley Public Service District ("District"), by counsel H. Charles Carl, III, filed with the Public Service Commission ("Commission") an application for a certificate of convenience and necessity to construct a sewage collection and treatment system, and for a tariff for the new system. The District proposed a rate of $7.50 per 1,000 gallons of water used for metered customers; a minimum monthly charge of $22.50 (the cost of 3,000 gallons); and a $22.50 monthly rate for unmetered customers. Filed with the application or before were numerous documents, including a commitment letter from the West Virginia Infrastructure & Jobs Development Council ("WVIJDC") for a $1,140,000 grant. It was also stated that the other funding source would be a Small Cities Block Grant of $1,250,000. The estimated total project cost was $2,390,000. Also included was a permit for the project, Permit No. 15,267, from the WV Office of Environmental Health Services, issued May 30, 2002.

On the same date, the Commission directed the District to cause to be published a Notice of Filing, which required that any protests be filed within thirty days of the date of publication.

On August 25, 2003, Joseph and Shirley Twigg filed a protest, contending that they should not be forced to use the system, if it is built, because they have an adequate septic system. They stated that they had heard that some potential customers would be required to hook onto the system, while others would not. The Twiggs also questioned the wisdom of the project itself, because the area it would serve is on a flood plain that is regularly flooded and few homes remain, due to flooding.

On August 27, 2003, the District, by counsel, filed an affidavit of publication of the Notice of Filing on August 20, 2003, in the Hampshire Review.

On the same date, John, Jr., and Betty J. Ficik filed a protest, arguing that it would be a waste of money to build the system in an area that is regularly flooded. They contended that it was discriminatory to require some potential customers to hook on and others not. They also protested having to pay a further monthly bill.

On September 8, 2003, Staff Attorney Richard M. Allen filed an Initial Joint Staff Memorandum.

On September 16, 2003, the Commission, by Order, referred this matter to the Division of Administrative Law Judges ("ALJ Division") for decision on or before March 16, 2004.

On November 3, 2003, the District, by counsel, filed a commitment letter from the Office of the Governor, dated October 30, 1997, for the $1,250,000 Small Cities Block Grant.

On November 10, 2003, the District, by counsel, filed a number of documents, including a number of permits and letters from regulatory agencies.

On December 17, 2003, the undersigned ALJ issued a Procedural Order, requiring Staff to file its final recommendation immediately, in that it had been due on November 12, 2003. Moreover, because protests had been received, this matter was scheduled for hearing at 10:00 a.m. on January 22, 2004, in the Romney City Building, Council Chambers, 340 East Main Street, Romney, West Virginia. Finally, the District was ordered to publish an attached Notice of Hearing.

On December 29, 2003, Mr. Allen filed the Final Joint Staff Memorandum, with an attached memorandum from William A. Nelson, of the Water and Wastewater Division, and Jim Spurlock, of the Engineering Division. Staff recommended that the application be granted; that the project, its funding and the proposed rates be approved; and that the District file for a rate review approximately eighteen months following startup of the sewer system.

Hearing was held as scheduled. Mr. Carl appeared on behalf of the District and Mr. Allen appeared on behalf of Staff. An affidavit of publication of the Notice of Hearing on January 14, 2004, in the Hampshire Review, was entered into evidence (District Ex. 1), as was the Final Joint Staff Memorandum. (Staff Ex. 1). In response to the request of the undersigned ALJ for the District or Staff to provide information in response to the filed protests, one witness was called, David Watson, an engineer for Thrasher Engineering, Inc., who was providing engineering services for the project. Mr. Watson discussed the permits that had been required for the project, stressing that special permits had been required because the system would be on a flood plain, and further testified that the system would be built at an elevation above the level of a 100-year flood. (Tr. 9). The

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

witness stated that all permits had been received, with the exception of a permit from the Division of Highways, which he stated should be issued within a month. (Tr. 11).

Mr. Twigg made several statements, but did not provide any reason why he opposed the project; indeed, he did not even directly state that he did oppose it. (Tr. 12-14). Ms. Ficik queried whether everyone would be required to hook onto the system, and Mr. Watson explained that, consistent with State law, whenever a sewer line will run within 300 feet of a residence and wastewater will flow by gravity from the residence to the line, that residence will be required to hook onto the system. (Tr. 15, 17). Mr. Watson and Coutney P. Whetzel, a board member of the District, further explained that the original plan had been for the project to provide service to the Green Spring and the Springfield areas, but it had been necessary to cut back the project only to serve Green Spring, but, as soon as funding is available, the system will be extended to Springfield. (Tr. 19-21).

FINDINGS OF FACT

1. On August 13, 2003, Green Spring Valley Public Service District filed with the Public Service Commission an application for a certificate of convenience and necessity to construct a sewage collection and treatment system, and for a tariff for the new system. The District proposed a rate of $7.50 per 1,000 gallons of water used for metered customers; a minimum monthly charge of $22.50; and a $22.50 monthly rate for unmetered customers. (See application).

2. The project will consist of approximately six miles of sewer line, eight pump stations, and a 35,000 GPD package wastewater treatment plant. It will serve approximately 110 customers in the Green Spring area who presently have no sewer system. Most potential customers have septic systems, 70% of which fail at least once a year. Because the system will be in a flood plain, it will be constructed at an elevation above the level of a 100-year flood. (See application; Staff Ex. 1; Tr. 9).

3. The project is estimated to cost approximately $2,390,000, and the total construction cost is estimated at $1,869,047. (See application; Staff Exhibit 1).

4. The project will be financed by a $1,140,000 grant from the West Virginia Infrastructure & Jobs Development Council and a Small Cities Block Grant of $1,250,000. (See documents filed August 13 and November 3, 2003).

5. The West Virginia Office of Environmental Health Services issued a permit for the project, Permit No. 15,267, on May 30, 2002. All permits needed for the project have been issued and filed with the Commission, with the exception of a permit from the Division of Highways. (See documents filed August 13 and November 10, 2003; Tr. 9).

6. A Notice of Filing was published on August 20, 2003, in the Hampshire Review, and two protests were filed. A Notice of Hearing was published on January 14, 2004, in the Hampshire Review, and hearing was held on January 22, 2004. No clear statement of opposition to the project was made by any protestant, and no reason for any opposition was given. (See August 27, 2003 filing; Dis. Ex. 1; transcript generally).

7. Staff recommended that the application be granted; that the project, its funding and the proposed rates be approved; and that the District file for a rate review approximately eighteen months following startup of the sewer system. (See Staff Ex. 1).

CONCLUSIONS OF LAW

1. It is appropriate to grant the application, pursuant to W.Va. Code §§16-13A-25 and 24-2-11; to approve the project, subject to receipt of the outstanding permit from the Division of Highways; and to approve the project's funding, the rates proposed by the District and other provisions of the District's sewer tariff, as provided in Appendix A hereto, because the public convenience and necessity require the project; the funding is appropriate; the rates will provide revenue sufficient, but not more than sufficient, to cover the District expenses; Staff recommended said actions; and no argument in opposition to the project was made by a protestant.

2. It is appropriate to order the District to file for a rate review approximately eighteen months following startup of the sewer system.

ORDERS

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed on August 13, 2003, by Green Spring Valley Public Service District to construct a sewage collection and treatment system, is granted and the project is approved, contingent upon receipt by the District of an outstanding permit from the Division of Highways.

IT IS FURTHER ORDERED that the funding for the project, consisting of a $1,140,000 grant from the West Virginia Infrastructure & Jobs Development Council and a Small Cities Block Grant of $1,250,000, is approved.

IT IS FURTHER ORDERED that, if there is any change in any of the terms, conditions, scheduling or financing of the project, estimated at $2,390,000, Green Spring Valley Public Service District notify the Public Service Commission and file for Commission approval of any such revision.

IT IS FURTHER ORDERED that the rates and charges, as provided at Appendix A, are approved, to become effective at completion of the project.

IT IS FURTHER ORDERED that Green Spring Valley Public Service District file with the Commission's Tariff Office an original and five (5) copies of its tariff showing the approved tariff changes no later than thirty (30) days after the date that this decision becomes final.

IT IS FURTHER ORDERED that Green Spring Valley Public Service District file with the Commission a request for rate review approximately eighteen (18) months after startup of the sewer system.

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

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon Commission Staff 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 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 Executive Secretary. No such waiver will be effective until approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Sunya Anderson
Administrative Law Judge

SA:s
031268aa.wpd

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
CASE NO. 03-1268-PSD-CN

APPROVED TARIFF

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial, institutional and industrial service.

RATE - $7.50 per 1,000 gallons.

FLAT RATE CHARGE

Equivalent of 4,500 gallons of water usage or $33.75 per month.

MINIMUM CHARGE

No bill shall be rendered for less than $22.50 per month.

DELAYED PAYMENT PENALTY

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

TAP FEE

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

A tap fee of $150.00 will be charged to customers applying for service before construction is completed adjacent to the customer's premises in connection with a certificate proceeding before the Commission. This pre-construction tap fee will be invalid after the completion of construction adjacent to the applicant's premises that is associated with a certificate proceeding.

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

RETURNED CHECK CHARGE

A service charge equal to the actual bank fee assessed to the sewer utility up to 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

$1.75 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 customer's historical average usage.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

WATER REFUNDING REVENUE BONDS, SERIES 2010 A

BOND RESOLUTION

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CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REVENUE BONDS, SERIES 1976 OF THE CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT THROUGH THE ISSUANCE BY THE CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT OF NOT MORE THAN $125,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BONDS, SERIES 2010 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE BOARD OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

Section 1.02. Findings. A. It is hereby found, determined and declared that: A Central Hampshire Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Hampshire County of said State.

B. The Issuer now owns and operates a public waterworks system. The refunding of the GMAC Bonds, as hereinafter defined, hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The Issuer has heretofore issued its Water Revenue Bonds, Series 1976, dated January 12, 1977, issued in the original aggregate principal amount of $411,000 (the "Series 1976 Bonds" or the "GMAC Bonds").

D. It is in the best interest of the Issuer that the GMAC Bonds be currently refunded in order to allow the Issuer to take advantage of the interest savings.

E. It is deemed necessary for the Issuer to issue its Water Refunding Revenue Bonds, Series 2010 A (the "Series 2010 A Bonds") in the total aggregate principal amount of not more than $125,000 to pay in full the principal of and interest accrued on the GMAC Bonds, to fund the Series 2010 A Bonds Reserve Account, as hereinafter defined, and to pay costs of issuance thereof and related costs.

F. It is in the best interest of the Issuer that the Series 2010 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the commitment letter of the Purchaser.

G. The Issuer has complied with all requirements of West Virginia law relating to authorization of the refunding of the GMAC Bonds, and the issuance of the Series 2010 A Bonds, or will have so complied prior to issuance of the Series 2010 A Bonds.

H. Upon the refunding of the GMAC Bonds, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2010 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (i) Water Revenue Bonds, Series 1992 (United States Department of Agriculture), dated September 21, 1992, issued in the original aggregate principal amount of $358,000 (the "Series 1992 Bonds") and (ii) Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $1,745,000 (the "Series 2006 A Bonds") (collectively, the "Prior Bonds").

The Issuer has complied with all requirements of West Virginia law relating to authorization of the Project, and issuance of the Series 2010 A Bonds, including, among other things and without limitation, the approval of the Project and the financing thereof by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2010 A Bonds or such final order will not be subject to appeal.

Prior to the issuance of the Series 2010 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests, if any, of the Prior Bonds are met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2010 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and the Prior Resolution.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2010 A Bonds by those who shall be the Registered Owner 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 Owner, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2010 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authorized Officer" means the Chairman of the Issuer or any other officer of the Issuer specifically designated by resolution of the Governing Body.

"Board" or "Governing Body" means the Board of the Issuer or any other governing body of the Issuer that succeeds to the functions of the Board as presently constituted.

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

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

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

"Closing Date" means the date upon which there is an exchange of the Bonds for all or a portion of the proceeds thereof representing the purchase price of the Bonds by the Purchaser.

"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.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation or 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.

"GMAC Bonds" means the Series 1976 Bonds.

"GMAC Resolution" means collectively the resolutions of the Issuer authorizing the GMAC Bonds.

"Governing Body" means the 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, determined in accordance with generally accepted accounting principles, after deduction of prompt payment discounts, if any, and reasonable provision for uncollectible accounts.

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

"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 and political subdivision of the State of West Virginia in Hampshire County, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Net Proceeds" means the face amount of the Series 2010 A Bonds, plus accrued interest and premium, if any, and less original issue discount, if any. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code that is not a purpose investment.

"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, fees and expenses of fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as hereinafter defined), payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the

Series 2010 A 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 IX hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, and Bonds registered to the Issuer.

"Parity Bonds" means additional Parity Bonds issued under the provisions and within the limitations prescribed by Section 5.04 hereof.

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

"Prior Bonds" means the Series 1992 Bonds and Series 2006 A Bonds.

"Prior Resolution" means, collectively, the resolutions authorizing the Prior Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchaser" means the purchaser or purchasers of the Series 2010 A Bonds directly from the Issuer designated as such in the Supplemental Resolution and its successors and assigns.

"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 or Standard & Poor's Corporation.

"Regulations" means temporary and permanent regulations promulgated under the Code.

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

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

"Series 1976 Bonds" means the Issuer's Water Revenue Bonds, Series 1976, dated January 12, 1977, issued in the original aggregate principal amount of $411,000.

"Series 1992 Bonds" means the Issuer's Water Revenue Bonds, Series 1992 (United States Department of Agriculture), dated September 21, 1992, issued in the original aggregate principal amount of $358,000.

"Series 2006 A Bonds" means the Issuer's Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), dated June 30, 2006, issued in the original aggregate principal amount of $1,745,000.

"Series 2010 A Bonds" means the Water Refunding Revenue Bonds, Series 2010 A, authorized hereby to be issued pursuant to this Resolution.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account created by Section 4.02 hereof.

"Series 2010 A Bonds Reserve Requirement" means the maximum annual debt service on the Series 2010 A Bonds.

"Series 2010 A Bonds Sinking Fund" means the Series 2010 A Bonds Sinking Fund created by Section 4.02 hereof.

"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 authorizing the sale of the Series 2010 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2010 A Bonds and not so included may be included in another Supplemental Resolution.

"System" means the complete public waterworks system of the Issuer, presently existing in its entirety or any integral part thereof, and any further additions, extensions and improvements 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.

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 REFUNDING

Section 2.01. Authorization of Refunding. All GMAC Bonds Outstanding as of the date of issuance of the Series 2010 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Holders of the GMAC Bonds imposed by the GMAC Resolution, the monies in the funds and accounts created by the GMAC Resolution pledged to payment of the GMAC Bonds, and any other funds pledged by the GMAC Resolution to payment of the GMAC Bonds are hereby ordered terminated, discharged and released upon such payment to the Holders of the GMAC Bonds. Contemporaneously with the payment in full of the GMAC Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the GMAC Bonds, shall be released from the lien created by the GMAC Resolution. The portion of the proceeds of the Series 2010 A Bonds hereby authorized to be applied towards the refunding of the GMAC Bonds shall be applied as provided in Article III hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purpose of refunding the GMAC Bonds, funding the Series 2010 A Bonds Reserve Account and paying certain costs of issuance and related costs not otherwise provided for, or any all of such purposes, there is hereby authorized to be issued the Water Refunding Revenue Bonds, Series 2010 A, of the Issuer, in the aggregate principal amount of not more than $125,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2010 A Bonds shall be issued in single form, numbered AR-1, and only as a fully registered Bond. The Series 2010 A Bonds shall be dated such date; shall be in such principal amount, not to exceed $125,000; shall bear interest at such rate or rates, not exceeding the then legally permissible limit on such dates; shall mature on such dates and in such amounts; and shall be subject to such repayment or redemption, prepayment penalty all as the Issuer shall prescribe in a Supplemental Resolution. The Series 2010 A Bonds shall be payable as to principal and interest at the office of the Paying Agent in any coin or currency which, on the dates of payment is legal tender for the payment of public or private debts under the laws of the United States of America.

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

Series 2010 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2010 A Bonds 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 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2010 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar.

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

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

The registered Series 2010 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2010 A Bonds or transferring the registered Bonds are exercised, the Bonds shall be delivered in accordance with the provisions of this Bond Legislation. Any Series 2010 A Bond surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of the Series 2010 A 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 such 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 person requesting such exchange or transfer, as a condition precedent to the exercise of the privilege of making such transfer. The Bond Registrar shall not be obliged to make any such exchange or transfer of the Series 2010 A Bonds during the 15 days preceding a scheduled payment date on such Bonds or after notice of any prepayment of such Bonds has been given.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2010 A 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 Series 2010 A Bond of like tenor as the Bond 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 Series 2010 A 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 reasonable expenses as the Issuer and the Bond Registrar may incur. The Series 2010 A Bond 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 Series 2010 A Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds Not to Be Indebtedness of the Issuer. The Series 2010 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2010 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2010 A Bonds or the interest 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 2010 A Bonds shall be secured forthwith by a lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2010 A Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2010 A Bonds as the same become due.

Section 3.09. Form of Bond. The text of the Series 2010 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
WATER REFUNDING REVENUE BONDS, SERIES 2010 A

No. AR-1 $125,000

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of April, 2010, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district 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 order of

BANK OF ROMNEY

or registered assigns (the "Payee"), the principal sum of ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS ($125,000), plus interest as follows:

A. Interest on this Bond shall be payable at a rate of ____% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days and 30 days in a month.

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at a rate of ____% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. This Bond shall be payable in ____ installments commencing on the 1st day of _____, 2010 and on the 1st day of each month thereafter, to and including January __, 2017 The monthly installments shall consist of principal and interest as listed on the attached debt service schedule attached hereto as EXHIBIT A.

D. All payments received by the Paying Agent on account of the Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of the Bond. If not sooner paid, the entire principal amount of this Bond unpaid on January ___, 2017 together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond 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 Bond is issued to (i) refund the Issuer's Water Revenue Bonds, Series 1976, dated January 12, 1977, issued in the original aggregate principal amount of $411,000; (ii) fund the Series 2010 A Bonds Reserve Account; and (iii) to pay costs of issuance and related costs. The existing public waterworks facilities of the Issuer, and any further additions, improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on _____, 2010, and a Supplemental Resolution, duly adopted by the Issuer on _____, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

THE PRINCIPAL OF AND INTEREST ON THIS BOND IS PAYABLE ONLY FROM AND SECURED BY A PLEDGE OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF THE SYSTEM, ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1992 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 21, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $358,000 (THE "SERIES 1992 BONDS") AND WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,745,000 (THE "SERIES 2006 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

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 the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Payee, for the terms of which reference is made to said Bond Legislation. Remedies provided the Payee 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 _____, _____, 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to such registration requirements, 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.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

[Remainder of Page Intentionally Blank]

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

CENTRAL HAMPSHIRE
PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Its: Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____, 2010

_____,
as Registrar

By: _____
Its: Authorized Officer

[Form of Assignment]

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.10. Sale of Bonds. The Series 2010 A Bonds shall be sold to the Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, the adoption of the Supplemental Resolution; provided, that the Purchaser and the Issuer shall have agreed to the purchase thereof.

Section 3.11. Disposition of Bond Proceeds. From the monies received from the sale of the Series 2010 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 A Bonds, the Issuer shall forthwith wire from the proceeds of the Series 2010 A Bonds an amount as specified in supplemental resolution which is equal to the amount necessary to pay in full the entire principal of and interest accrued on the GMAC Bonds directly to the Holders of the GMAC Bonds.

B. Next, the Purchaser shall pay to the Municipal Bond Commission an amount as specified in the supplemental resolution which is equal to the amount necessary to fully fund the Series 2010 A Bonds Reserve Account.

C. Next, the Purchaser shall pay the costs of issuance of the Series 2010 A Bonds.

Section 3.12. Designation of Bonds "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Series 2010 A Bonds as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3)(B) of the Code and covenants that the Bond does not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, other than 501(c)3 Bonds, as defined in Section 141 of the Code), including the Series 2010 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during calendar year 2010.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Reserve Fund (established by Prior Resolution and hereby continued);

(3) Renewal and Replacement Fund (established in Prior Resolution as the Depreciation Reserve and hereby renamed and continued); and

(4) Series 2010 A Bonds Proceeds Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolution) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2010 A Bonds Sinking Fund; and

(2) Series 2010 A Bonds Reserve Account.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as the Series 2010 A Bonds shall be outstanding and unpaid, or until there shall have been set apart, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2010 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Series 2010 A Bonds as follows:

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

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on the first of each month, transfer from the Revenue Account and simultaneously (i) remit to the National Finance Office the amount required by Prior Resolution to pay interest on the Series 1992 Bonds and the Series 2006 A Bonds; and (ii) remit to the Commission the amounts required to pay the interest on the Series 2010 A Bonds.

(3) The Issuer shall next, on the first of each month, transfer from the Revenue Account and simultaneously (i) remit to the National Finance Office the amount required by Prior Resolution to pay principal on the Series 1992 Bonds and the Series 2006 A Bonds; and (ii) remit to the Commission the amount required to pay the principal on the Series 2010 A Bonds. All payments with respect to principal of and interest on the Prior Bonds and the Series 2010 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(4) The Issuer shall next, on the first of each month, transfer from the Revenue Account and simultaneously (i) remit to the Depository Bank the amount required for deposit into the Reserve Fund for the Series 1992 Bonds and the Series 2006 A Bonds; and (ii) remit to the Commission for deposit into the Series 2010 A Bonds Reserve Account the amount required to have on deposit therein the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, from the monies remaining in the Revenue Fund, transfer to the Renewal and Replacement Fund, a sum equal to 2 ½% 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, 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.

(6) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used

to prepay installments of the Prior Bonds and the Series 2010 A Bonds, pro rata, or for any lawful purpose.

Monies in the Series 2010 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2010 A Bonds as the same shall become due. Monies in the Series 2010 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2010 A Bonds as the same shall come due, when other monies in the Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2010 A Bonds Sinking Fund shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 2010 A Bonds.

Any withdrawals from the Series 2010 A Bonds Reserve Account, which result in a reduction in the balance of such account to below the Reserve Requirement 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 2010 A 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 thereof.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund, or the Series 2010 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest 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 Prior Bonds and the Series 2010 A 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 2010 A Bonds Sinking Fund, and the Series 2010 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. 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 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

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

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

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

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

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

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

ARTICLE V

GENERAL COVENANTS

Section 5.01. General Statement. So long as the Series 2010 A Bonds shall be outstanding and unpaid, or until there shall have been set apart a sum sufficient to prepay the entire principal of the Series 2010 A Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholder.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2010 A Bonds and other Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, except as provided in the Prior Resolution. So long as the Series 2010 A Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System or any part thereof, without permission of the Purchaser unless the Series 2010 A Bonds are prepaid in full.

Section 5.04. Issuance of Additional Parity Bonds. So long as the Prior Bonds are outstanding, no additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except as set forth in the Prior Resolution.

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

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding the Prior Bonds or the Bonds issued pursuant hereto or subsequent Parity Bonds, or any combination of 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 Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation 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 the certificate of the Independent Certified Public Accountants.

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, 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 Holder of the Series 2010 A 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. 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 Bonds on such Revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 Bond.

No Parity Bonds shall be issued any time, however, unless all the payments 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 5.05. Insurance and Bonds. A. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2010 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(i) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion.

(ii) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2010 A Bonds.

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

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

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

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

(vii) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, so long as the Series 2010 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer with insurance carriers or bonding companies acceptable to Purchaser.

B. All insurance proceeds awarded to the Issuer that are not applied to the repair or replacement of the subject property damaged or destroyed, shall be applied by the Issuer to prepayment of the Bond, unless otherwise consented to in writing by the Bondholder.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2010 A Bonds, on a parity with the Prior Bonds.

Section 5.07. Fiscal Year; Budget. While the Series 2010 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

Section 5.08. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.09. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser within 60 days of completion. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.10. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2010 A Bonds are outstanding.

Section 5.11. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Recommended Decision of the Public Service Commission of West Virginia, entered on January 27, 2010 which became Final Order on February 16, 2010 in Case No. 09-0875-PWD-19A, which Recommended Decision and Final Order are incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

TAX COVENANTS

Section 7.01. 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 2010 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2010 A Bonds during the term thereof is, under the terms of the Series 2010 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2010 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2010 A Bonds during the term thereof is, under the terms of the Series 2010 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2010 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the project, or if the Series 2010 A Bonds is 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 that 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 the lesser of 5% of the Net Proceeds of the Series 2010 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2010 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2010 A Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2010 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions which would adversely affect such exclusion.

Section 7.02. 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 2010 A Bonds which would cause the Series 2010 A Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, and (ii) it will take 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 2010 A Bonds) so that the interest on the Series 2010 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 7.03. 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 2010 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2010 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. The Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 7.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds:

1. If default occurs in the due and punctual payment of the principal of or interest on the Series 2010 A Bonds; or

(A) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2010 A Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Series 2010 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Paying Agent, Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Series 2010 A Bonds;

(B) 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

(C) If default occurs with respect to the Prior Bonds or the Prior Resolution.

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, the Registered Owner of the Series 2010 A Bonds 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 Owner 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 2010 A 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 Owner of the Series 2010 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2010 A Bonds, or the rights of such Registered Owner.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2010 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holder of the Series 2010 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then this Bond Legislation and the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2010 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2010 A Bonds from gross income for federal income tax purposes.

The payment of the Series 2010 A Bonds with either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on the Series 2010 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. The Series 2010 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Paying Agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Paying Agent at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on the Series 2010 A Bonds on and prior to the maturity dates thereof. Neither securities nor monies deposited with the Paying Agent pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on the Series 2010 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Paying Agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on the Series 2010 A Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Paying Agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment or Modification of Bond Legislation. This Bond Legislation may not be amended or modified after final passage without the prior written consent of the Registered Owner; provided, however, that this Bond Legislation may be amended without the consent of the Registered Owner as may be necessary to assure the exclusion of interest on the Series 2010 A Bonds from gross income of the Registered Owner for federal income tax purposes.

Section 10.02 Resolution Constitutes Contract. The provisions of the Resolution shall constitute a contract between the Issuer and the Holders of the Bonds, and no change, variation or alteration of any kind of the provisions of the Resolution shall be made in any manner, except as in this Resolution provided.

Section 10.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2010 A Bonds.

Section 10.04. Table of Contents and Headings. The table of contents and headings 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 10.05. Conflicting Provisions Repealed. All orders, indentures, or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control, unless less restrictive, so long as the Prior Bonds are Outstanding.

Section 10.06. 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 10.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 7th of April, 2010.

Richard Ward
Chairman

CERTIFICATION

Certified a true copy of a Bond Resolution duly adopted by the Board of the Central Hampshire Public Service District on the 7th day of April, 2010.

Date: April 14, 2010.

[SEAL]

Janet M Harris
Secretary

135450.00010

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Water Refunding Revenue Bonds, Series 2010 A

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE AND OTHER TERMS OF THE WATER REFUNDING REVENUE BONDS, SERIES 2010 A, OF THE CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO THE BANK OF ROMNEY; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Council (the "Governing Body") of the Central Hampshire Public Service District (the "Issuer") has duly and officially adopted a resolution on April 7, 2010 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REVENUE BONDS, SERIES 1976 OF THE CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT THROUGH THE ISSUANCE BY THE CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT OF NOT MORE THAN $125,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING REVENUE BONDS, SERIES 2010 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Resolution provides for the issuance of Water Refunding Revenue Bonds, Series 2010 A, of the Issuer (the "Bonds" or the "Series 2010 A Bonds"), in an aggregate principal amount of not more than $125,000, all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution, it is provided that the date, the maturity date, interest rate 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 Bonds are proposed to be purchased by The Bank of Romney, Romney, West Virginia (the "Purchaser"), pursuant to the terms of the commitment letter dated March 26, 2010, a copy of which is attached hereto and made a part hereof (the "Commitment Letter"); and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the date, the maturity date, the interest rate 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 is hereby authorized and ordered to be issued the Water Refunding Revenue Bonds, Series 2010 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $125,000. The Series 2010 A Bonds shall be dated April 14, 2010, shall mature on January 1, 2017 and shall bear interest as follows:

A. Interest on the Bonds shall be payable at a rate of 3.26% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days, and 30 days in a month.

B. Notwithstanding any other provision herein, in the event the interest on the Bonds is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on the Bonds shall be payable at a rate of 5% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on the Bonds is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on the Bonds are paid, notwithstanding that the entire principal amount of the Bonds may have been paid in full prior to the Determination of Taxability. Any interest being past due on the Bonds by reason of such increase shall become immediately due and payable.

C. The Bond shall be payable in $1,666.35 monthly installments, commencing May 1, 2010, and continuing on the first day of each month thereafter to and including January 1, 2017. The monthly installments shall consist of principal and interest and shall be as listed on the debt service schedule attached hereto as Exhibit A.

D. All payments received by the Paying Agent on account of this Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of this Bond. If not sooner paid, the entire principal amount of this Bond unpaid on January 1, 2017, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

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 approve the terms of the Commitment Letter dated March 26, 2010.

Section 4. The Bonds shall be sold to The Bank of Romney, Romney, West Virginia, and shall be registered in the name of such bank. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 5. The Issuer does hereby appoint and designate The Bank of Romney, Romney, West Virginia, the Registrar for the Bonds.

Section 6. The Issuer does hereby appoint and designate the Municipal Bond Commission (the "Commission") as Paying Agent for the Bonds.

Section 7. Series 2010 A Bonds Proceeds in the amount of $116,018.78 shall be deposited with Berkadia Commercial Mortgage to net pay the entire outstanding balance of and all accrued interest on the Issuer's Water Revenue Bonds, Series 1976 (the "Series 1976 Bonds") at Closing.

Section 8. The Issuer will deposit the amount of $19,997 with the Commission to fund the Series 2010 A Bonds Reserve Account.

Section 9. The payment of the Series 1976 Bonds with the proceeds of the Series 2010 A Bonds is in the public interest, serves a public purpose of the Issuer and will promote health, welfare and safety of the residents of the Issuer.

Section 10. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver the Bonds and such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Purchaser on or about April 14, 2010.

Section 12. The proceeds of the Series 2010 A Bonds shall be disbursed as shown on the Closing Memorandum attached hereto as Exhibit B.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 7th day of April, 2010.

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

By: Richard Wood
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Council of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the 7th day of April, 2010.

Date: April 14, 2010

[SEAL]

Janet M Haines

Secretary

EXHIBIT A

Debt Service Schedule

Amortization

Borrower name
Address
Loan number

Date		Amount	Payment	Principal	Interest	Remaining Balance
04-13-2010	Fixed Rate	3.260				
04-13-2010	Funding	125,000.00				125,000.00
05-01-2010	Regular Pmt		1,719.67	1,518.71	200.96	123,481.29
06-01-2010	Regular Pmt		1,719.67	1,377.78	341.89	122,103.51
07-01-2010	Regular Pmt		1,719.67	1,392.50	327.17	120,711.01
08-01-2010	Regular Pmt		1,719.67	1,385.45	334.22	119,325.56
09-01-2010	Regular Pmt		1,719.67	1,389.29	330.38	117,936.27
10-01-2010	Regular Pmt		1,719.67	1,403.67	316.00	116,532.60
11-01-2010	Regular Pmt		1,719.67	1,397.02	322.65	115,135.58
12-01-2010	Regular Pmt		1,719.67	1,411.17	308.50	113,724.41
2010 Totals:			13,757.36	11,275.59	2,481.77	
01-01-2011	Regular Pmt		1,719.67	1,404.79	314.88	112,319.62
02-01-2011	Regular Pmt		1,719.67	1,408.68	310.99	110,910.94
03-01-2011	Regular Pmt		1,719.67	1,442.30	277.37	109,468.64
04-01-2011	Regular Pmt		1,719.67	1,416.58	303.09	108,052.06
05-01-2011	Regular Pmt		1,719.67	1,430.15	289.52	106,621.91
06-01-2011	Regular Pmt		1,719.67	1,424.46	295.21	105,197.45
07-01-2011	Regular Pmt		1,719.67	1,437.80	281.87	103,759.65
08-01-2011	Regular Pmt		1,719.67	1,432.38	287.29	102,327.27
09-01-2011	Regular Pmt		1,719.67	1,436.35	283.32	100,890.92
10-01-2011	Regular Pmt		1,719.67	1,449.34	270.33	99,441.58
11-01-2011	Regular Pmt		1,719.67	1,444.34	275.33	97,997.24
12-01-2011	Regular Pmt		1,719.67	1,457.09	262.58	96,540.15
2011 Totals:			20,636.04	17,184.26	3,451.78	
01-01-2012	Regular Pmt		1,719.67	1,452.37	267.30	95,087.78
02-01-2012	Regular Pmt		1,719.67	1,456.39	263.28	93,631.39
03-01-2012	Regular Pmt		1,719.67	1,477.15	242.52	92,154.24

04-01-2012	Regular Pmt	1,719.67	1,464.52	255.15	90,689.72
05-01-2012	Regular Pmt	1,719.67	1,476.67	243.00	89,213.05
06-01-2012	Regular Pmt	1,719.67	1,472.66	247.01	87,740.39
07-01-2012	Regular Pmt	1,719.67	1,484.57	235.10	86,255.82
08-01-2012	Regular Pmt	1,719.67	1,480.85	238.82	84,774.97
09-01-2012	Regular Pmt	1,719.67	1,484.95	234.72	83,290.02
10-01-2012	Regular Pmt	1,719.67	1,496.50	223.17	81,793.52
11-01-2012	Regular Pmt	1,719.67	1,493.20	226.47	80,300.32
12-01-2012	Regular Pmt	1,719.67	1,504.51	215.16	78,795.81
2012 Totals:		20,636.04	17,744.34	2,891.70	
01-01-2013	Regular Pmt	1,719.67	1,501.50	218.17	77,294.31
02-01-2013	Regular Pmt	1,719.67	1,505.66	214.01	75,788.65
03-01-2013	Regular Pmt	1,719.67	1,530.14	189.53	74,258.51
04-01-2013	Regular Pmt	1,719.67	1,514.07	205.60	72,744.44
05-01-2013	Regular Pmt	1,719.67	1,524.75	194.92	71,219.69
06-01-2013	Regular Pmt	1,719.67	1,522.48	197.19	69,697.21
07-01-2013	Regular Pmt	1,719.67	1,532.92	186.75	68,164.29
08-01-2013	Regular Pmt	1,719.67	1,530.94	188.73	66,633.35
09-01-2013	Regular Pmt	1,719.67	1,535.18	184.49	65,098.17
10-01-2013	Regular Pmt	1,719.67	1,545.24	174.43	63,552.93
11-01-2013	Regular Pmt	1,719.67	1,543.71	175.96	62,009.22
12-01-2013	Regular Pmt	1,719.67	1,553.52	166.15	60,455.70
2013 Totals:		20,636.04	18,340.11	2,295.93	
01-01-2014	Regular Pmt	1,719.67	1,552.28	167.39	58,903.42
02-01-2014	Regular Pmt	1,719.67	1,556.58	163.09	57,346.84
03-01-2014	Regular Pmt	1,719.67	1,576.26	143.41	55,770.58
04-01-2014	Regular Pmt	1,719.67	1,565.25	154.42	54,205.33
05-01-2014	Regular Pmt	1,719.67	1,574.43	145.24	52,630.90
06-01-2014	Regular Pmt	1,719.67	1,573.95	145.72	51,056.95
07-01-2014	Regular Pmt	1,719.67	1,582.87	136.80	49,474.08
08-01-2014	Regular Pmt	1,719.67	1,582.69	136.98	47,891.39
09-01-2014	Regular Pmt	1,719.67	1,587.07	132.60	46,304.32
10-01-2014	Regular Pmt	1,719.67	1,595.60	124.07	44,708.72
11-01-2014	Regular Pmt	1,719.67	1,595.88	123.79	43,112.84
12-01-2014	Regular Pmt	1,719.67	1,604.15	115.52	41,508.69
2014 Totals:		20,636.04	18,947.01	1,689.03	

01-01-2015 Regular Pmt	1,719.67	1,604.74	114.93	39,903.95
02-01-2015 Regular Pmt	1,719.67	1,609.19	110.48	38,294.76
03-01-2015 Regular Pmt	1,719.67	1,623.90	95.77	36,670.86
04-01-2015 Regular Pmt	1,719.67	1,618.14	101.53	35,052.72
05-01-2015 Regular Pmt	1,719.67	1,625.75	93.92	33,426.97
06-01-2015 Regular Pmt	1,719.67	1,627.12	92.55	31,799.85
07-01-2015 Regular Pmt	1,719.67	1,634.46	85.21	30,165.39
08-01-2015 Regular Pmt	1,719.67	1,636.15	83.52	28,529.24
09-01-2015 Regular Pmt	1,719.67	1,640.68	78.99	26,888.56
10-01-2015 Regular Pmt	1,719.67	1,647.62	72.05	25,240.94
11-01-2015 Regular Pmt	1,719.67	1,649.78	69.89	23,591.16
12-01-2015 Regular Pmt	1,719.67	1,656.46	63.21	21,934.70
2015 Totals:	20,636.04	19,573.99	1,062.05	
01-01-2016 Regular Pmt	1,719.67	1,658.94	60.73	20,275.76
02-01-2016 Regular Pmt	1,719.67	1,663.53	56.14	18,612.23
03-01-2016 Regular Pmt	1,719.67	1,671.46	48.21	16,940.77
04-01-2016 Regular Pmt	1,719.67	1,672.76	46.91	15,268.01
05-01-2016 Regular Pmt	1,719.67	1,678.76	40.91	13,589.25
06-01-2016 Regular Pmt	1,719.67	1,682.04	37.63	11,907.21
07-01-2016 Regular Pmt	1,719.67	1,687.77	31.90	10,219.44
08-01-2016 Regular Pmt	1,719.67	1,691.37	28.30	8,528.07
09-01-2016 Regular Pmt	1,719.67	1,696.06	23.61	6,832.01
10-01-2016 Regular Pmt	1,719.67	1,701.36	18.31	5,130.65
11-01-2016 Regular Pmt	1,719.67	1,705.46	14.21	3,425.19
12-01-2016 Regular Pmt	1,719.67	1,710.49	9.18	1,714.70
2016 Totals:	20,636.04	20,220.00	416.04	
01-01-2017 Regular Pmt	1,719.67	1,714.92	4.75	-0.22
2017 Totals:	1,719.67	1,714.92	4.75	
Loan Totals:	139,293.27	125,000.22	14,293.05	

Printed on: 04-13-2010

EXHIBIT B

Closing Memorandum

CLOSING MEMORANDUM

To: Financing Team

From: John C. Stump, Esquire

Date: April 14, 2010

Re: Central Hampshire Public Service District
Water Refunding Revenue Bonds, Series 2010 A

DISBURSEMENTS BY CHECK FROM THE BANK OF ROMNEY

1.	Steptoe & Johnson PLLC	$7,981.22
	JC Kunkle & Associates	$1,000.00

DISBURSEMENTS BY WIRE BY CENTRAL HAMPSHIRE PSD

1.	Payor:	The Bank of Romney
	Amount:	$116,018.78
	Form:	Wire
	Bank	Bank One – Texas, NA
	Routing No.	ABA# 111-000-614
	Beneficiary:	Berkadia Commercial Mortgage
	Account No:	DDA No. 1825178252
	Contact:	Paula Hensley LN: 01-0592801
	Purpose:	Pay in full the Series 1976 Bonds

DISBURSEMENT FROM CENTRAL HAMPSHIRE PSD

Amount:	$19,997
Form:	Check
Bank	Municipal Bond Commission
Purpose	Fully funding the Series 2010 A Bonds Reserve Account

SPECIMEN

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
WATER REFUNDING REVENUE BONDS, SERIES 2010 A

No. AR-1 $125,000

KNOW ALL MEN BY THESE PRESENTS: That on this the 14th day of April, 2010, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, a public service district 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 order of

THE BANK OF ROMNEY

or registered assigns (the "Payee"), the principal sum of ONE HUNDRED TWENTY FIVE THOUSAND DOLLARS ($125,000), plus interest as follows:

A. Interest on this Bond shall be payable at a rate of 3.26% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 365 days and 30 days in a month.

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at a rate of 5% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. This Bond shall be payable in 80 installments commencing on the 1st day of May, 2010 and on the 1st day of each month thereafter, to and including January 1, 2017 The monthly installments shall consist of principal and interest as listed on the attached debt service schedule attached hereto as EXHIBIT A.

D. All payments received by the Paying Agent on account of the Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of the Bond. If not sooner paid, the entire principal amount of this Bond unpaid on January 1, 2017 together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond 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 Bond is issued to (i) refund the Issuer's Water Revenue Bonds, Series 1976, dated January 12, 1977, issued in the original aggregate principal amount of $411,000; (ii) fund the Series 2010 A Bonds Reserve Account; and (iii) to pay costs of issuance and related costs. The existing public waterworks facilities of the Issuer, and any further additions, improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on April 7, 2010, and a Supplemental Resolution, duly adopted by the Issuer on April 7, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

THE PRINCIPAL OF AND INTEREST ON THIS BOND IS PAYABLE ONLY FROM AND SECURED BY A PLEDGE OF THE NET REVENUES TO BE DERIVED FROM THE OPERATION OF THE SYSTEM, ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT WITH THE ISSUER'S WATER REVENUE BONDS, SERIES 1992 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 21, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $358,000 (THE "SERIES 1992 BONDS") AND WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED JUNE 30, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,745,000 (THE "SERIES 2006 A BONDS") (COLLECTIVELY, THE "PRIOR BONDS").

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 the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Payee, for the terms of which reference is made to said Bond Legislation. Remedies provided the Payee 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 Bank of Romney, Romney, 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to such registration requirements, 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.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

[Remainder of Page Intentionally Blank]

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

CENTRAL HAMPSHIRE
PUBLIC SERVICE DISTRICT

By: Richard Wood
Its: Chairman

[SEAL]

ATTEST:

Janet M Haines
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: April 14, 2010

THE BANK OF ROMNEY,
as Registrar

By: _____
Its: Authorized Officer

[Form of Assignment]

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

Dated: _____, 20___.

_____

In the presence of:

_____

Exhibit A

Debt Service Schedule

Amortization

Borrower name
Address
Loan number

Date		Amount	Payment	Principal	Interest	Remaining Balance
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03-01-2015	Regular Pmt	1,719.67	1,623.90	95.77	36,670.86
04-01-2015	Regular Pmt	1,719.67	1,618.14	101.53	35,052.72
05-01-2015	Regular Pmt	1,719.67	1,625.75	93.92	33,426.97
06-01-2015	Regular Pmt	1,719.67	1,627.12	92.55	31,799.85
07-01-2015	Regular Pmt	1,719.67	1,634.46	85.21	30,165.39
08-01-2015	Regular Pmt	1,719.67	1,636.15	83.52	28,529.24
09-01-2015	Regular Pmt	1,719.67	1,640.68	78.99	26,888.56
10-01-2015	Regular Pmt	1,719.67	1,647.62	72.05	25,240.94
11-01-2015	Regular Pmt	1,719.67	1,649.78	69.89	23,591.16
12-01-2015	Regular Pmt	1,719.67	1,656.46	63.21	21,934.70
2015 Totals:		20,636.04	19,573.99	1,062.05	
01-01-2016	Regular Pmt	1,719.67	1,658.94	60.73	20,275.76
02-01-2016	Regular Pmt	1,719.67	1,663.53	56.14	18,612.23
03-01-2016	Regular Pmt	1,719.67	1,671.46	48.21	16,940.77
04-01-2016	Regular Pmt	1,719.67	1,672.76	46.91	15,268.01
05-01-2016	Regular Pmt	1,719.67	1,678.76	40.91	13,589.25
06-01-2016	Regular Pmt	1,719.67	1,682.04	37.63	11,907.21
07-01-2016	Regular Pmt	1,719.67	1,687.77	31.90	10,219.44
08-01-2016	Regular Pmt	1,719.67	1,691.37	28.30	8,528.07
09-01-2016	Regular Pmt	1,719.67	1,696.06	23.61	6,832.01
10-01-2016	Regular Pmt	1,719.67	1,701.36	18.31	5,130.65
11-01-2016	Regular Pmt	1,719.67	1,705.46	14.21	3,425.19
12-01-2016	Regular Pmt	1,719.67	1,710.49	9.18	1,714.70
2016 Totals:		20,636.04	20,220.00	416.04	
01-01-2017	Regular Pmt	1,719.67	1,714.92	4.75	-0.22
2017 Totals:		1,719.67	1,714.92	4.75	
Loan Totals:		139,293.27	125,000.22	14,293.05	

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CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

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

BOND RESOLUTION

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CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS 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 $1,745,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 A (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of approximately 25 miles of 8", 6", 4" and 2" waterlines, a 125 M gallon storage tank at South Branch Mountain, a tank control valve at Sunrise, a pressure reducing valve at Allen Hill Road and other improvements to serve a total of 222 new customers, including new radio telemetry equipment, a new office, garage and maintenance center, together with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is $5,560,000, of which not more than $1,745,000 will be obtained from the proceeds of sale of the Series 2006 A Bonds herein authorized, $1,870,000 will be obtained from a grant, a subsequent grant of $55,000, and a second subsequent grant of $440,000 will be obtained from the Purchaser, and $1,450,000 will be obtained from a grant from the West Virginia Infrastructure and Jobs Development Council (the "Council").

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2006 A (United States Department of Agriculture), in the aggregate principal amount of not more than $1,745,000 (the "Series 2006 A Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2006 A Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions;

engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank prior and senior to the Series 2006 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1976, dated January 12, 1977, issued in the original aggregate principal amount of $411,000, held by GMAC Commercial Mortgage (the "First Lien Bonds"). There are also outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1992, dated September 21, 1992, issued in the original aggregate principal amount of $358,000 (the "Subordinate Bonds"), held by the United States Department of Agriculture, Rural Utilities Service. The First Lien Bonds and Subordinate Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds". Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with or senior to the Series 2006 A Bonds as to liens, pledge and/or source of and security for payment.

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

H. It is in the best interest of the Issuer that the Series 2006 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letter of Conditions, dated March 23, 1999, and all amendments thereto, if any (collectively, the "Letter of Conditions").

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

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

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

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

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

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

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

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

"FDIC" means the Federal Deposit Insurance Corporation.

"First Lien Bonds" means the Water Revenue Bond, Series 1976, dated January 12, 1977, issued in the original aggregate principal amount of $411,000, held by GMAC Commercial Mortgage.

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

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

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

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated March 23, 1999, and all amendments thereto, if any.

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

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

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

"Prior Bonds" means, collectively, the Water Revenue Bonds, Series 1992 (United States Department of Agriculture) and Water Revenue Bonds, Series 1977 of the Issuer described in Section 1.02G hereof.

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

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

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

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

(a) Government Obligations;

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

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

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

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

so that the market value thereof is always at least equal to the principal amount of said time accounts;

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

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

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

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

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

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

"Revenues" or "Gross Revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from

the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

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

"Subordinate Bonds" means the Water Revenue Bond, Series 1992, dated September 21, 1992, issued in the original aggregate principal amount of $358,000, held by the United States Department of Agriculture, Rural Utilities Service.

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

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

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

ARTICLE II

AUTHORIZATION OF 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 not to exceed $5,560,000, 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 Series 2006 A Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2006 A Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2006 A (United States Department of Agriculture)", are hereby authorized to be issued in a principal amount not to exceed $1,745,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2006 A Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2006 A Bonds shall bear interest from the date of delivery, payable monthly at a rate not to exceed 4.375% per annum, and shall be sold for the par value thereof.

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

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

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

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

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

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

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

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

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

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

(FORM OF BOND)

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

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

$_____

No. AR-1 Date: _____

FOR VALUE RECEIVED, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 28 days following delivery of the Bond and continuing on the corresponding day of each month for the first ____ months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of _____ years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration here for shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

THIS BOND IS ISSUED SUBORDINATE AND JUNIOR TO THE LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(i) WATER REVENUE BONDS, SERIES 1976 , DATED JANUARY 12, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $411,000, AS DESCRIBED IN THE PRIOR RESOLUTIONS (THE "FIRST LIEN BOND").

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

(ii) WATER REVENUE BONDS, SERIES 1992, DATED SEPTEMBER 21, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $358,000, AS DESCRIBED IN THE PRIOR RESOLUTIONS (THE "SUBORDINATE BONDS").

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

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By:_____
Its: Chairman, Public Service Board
HC 63, Box 3580
Romney, WV 26757

ATTEST:

By:_____
Its: Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

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

TOTAL $

(Form of Assignment)

ASSIGNMENT

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

_____

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

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

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the Prior Resolutions);

(2) Reserve Fund (established by Prior Resolution);

(3) Depreciation Reserve (established by Prior Resolutions); and

(4) Series 2006 A Project Construction Account.

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

(1) Series 2006 A Bonds Reserve Account.

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

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

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

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

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

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2006 A Bonds as follows:

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

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

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

(2) The Issuer shall next, each month, before the due date of payment of the First Lien Bonds transfer from the Revenue Fund and remit to the National Finance Office, the amounts required by the resolution authorizing the First Lien Bonds to pay principal and interest.

(3) The Issuer shall next, on the date specified in the resolution authorizing the First Lien Bonds, transfer from the Revenue Fund and remit to the Depository Bank for deposit into the Reserve Fund for the First Lien Bonds, the amount required to be deposited therein.

(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 Depreciation Reserve, the amounts required by the Prior Resolutions and 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 Depreciation Reserve shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance herewith. Withdrawals and disbursements may be made from the Depreciation Reserve for replacements, emergency repairs, improvements or extensions to the System as long as the amounts required by the Prior Resolutions to be maintained therein are met; 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 Depreciation Reserve.

(5) The Issuer shall next, each month, before the due date of payment (i) transfer from the Revenue Fund and remit to the National Finance Office, the amounts required by the resolution authorizing the Subordinate Bonds; and (ii) to the National Finance Office, the amounts required to pay the interest on the Series 2006 A Bonds and to amortize the principal of the Series 2006 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Subordinate Bonds and the Series 2006 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(6) The Issuer shall next (i) on the date specified in the resolution authorizing the Subordinate Bonds, transfer from the Revenue Fund and remit to the Depository Bank for deposit into the reserve account for the Subordinate Bonds, the amount required to be deposited therein; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the

28th day of the 24th monthly anniversary of the Closing Date, and continuing on the 28th day of each month thereafter, remit to the Commission for deposit into the Series 2006 A Bonds Reserve Account, an amount equal to 10% of your monthly payment each month, until the amount in the Series 2006 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the Series 2006 A Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2006 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2006 A Bonds, or for mandatory prepayment of the Series 2006 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2006 A Bond Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

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

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

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2006 A Bonds Reserve Account, and all amounts required for the Series 2006 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit.

The Revenue Fund and the Series 2006 A Bonds Reserve Account shall constitute trust funds and shall be used only for the purposes and in the order

provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Series 2006 A Bonds and the interest thereon.

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

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

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

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2006 A Bonds, provide evidence that there will be at least 219 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

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

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

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2006 A Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. No Parity Bonds shall be issued after issuance of the Series 2006 A Bonds unless the provisions contained in the Prior Resolutions respecting issuance of Parity Bonds have been satisfied. No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

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

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

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

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

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2006 A Bonds.

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

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

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

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2006 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

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

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

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

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

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights. Prior to pursuing any remedy upon the occurrence of an Event of Default, the Purchaser must first provide the District with written notice of its intent to pursue a remedy. The notice must contain a description of the Event of Default and actions intended to be taken as a result of such default.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed

shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct; provided that, all rights and remedies of the Holders of the Subordinate Bonds shall be on a parity with the Series 2006 A Bonds and junior and subordinate to the First Lien Bonds.

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

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

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

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

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records

and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

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

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Commission Order of the Public Service Commission of West Virginia, entered on June ____ , 2006, Case No. 05-0298-PWD-CN, which documents are incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

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

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

Adopted this 28th day of June, 2006.

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT on the 28th day of June, 2006.

Dated: June 30, 2006.

[SEAL]

Secretary

06.08.06
135450.00002

SPECIMEN

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2006 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$1,745,000

No. AR-1

Date: June 30, 2006

FOR VALUE RECEIVED, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of ONE MILLION SEVEN HUNDRED FORTY-FIVE THOUSAND DOLLARS ($1,745,000), plus interest on the unpaid principal balance at the rate of 4.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 28 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $7,870,000, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid on the 28th day of the month, 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided herein below. The consideration here for shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange here for.

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted June 28, 2006, authorizing issuance of this Bond (the "Resolution").

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

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

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

THIS BOND IS ISSUED SUBORDINATE AND JUNIOR TO THE LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING WATER REVENUE BONDS OF THE BORROWER:

(I) WATER REVENUE BONDS, SERIES 1976, DATED JANUARY 12, 1977, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $411,000, AS DESCRIBED IN THE PRIOR RESOLUTIONS (THE "FIRST LIEN BOND").

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

(ii) WATER REVENUE BONDS, SERIES 1992, DATED SEPTEMBER 21, 1992, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $358,000, AS DESCRIBED IN THE PRIOR RESOLUTIONS (THE "SUBORDINATE BONDS").

[Remainder of Page Intentionally Left Blank]

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

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: SPECIMEN
Its: Chairman, Public Service Board
HC 63, Box 3580
Romney, WV 26757

ATTEST:

By: SPECIMEN
Its: Secretary, Public Service Board

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$319,900	June 30, 2006	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1992

BOND RESOLUTION

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CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $358,000 WATER REVENUE BOND, SERIES 1992, OF CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT, THE BOND BEING JUNIOR AND SUBORDINATE TO THE OUTSTANDING 1976 BOND OF THE DISTRICT, TO FINANCE THE COST, NOT OTHERWISE PROVIDED, OF ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF THE DISTRICT AND APPURTENANT FACILITIES; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED 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 is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Central Hampshire Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Hampshire County of said State, duly created pursuant to the Act by The County Commission of Hampshire County.

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the

inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain improvements and extensions to the existing waterworks facilities of the Issuer, consisting of an intermediate water tank, a booster station, and approximately 7,000 feet of water line, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The Issuer will purchase water from the City of Romney pursuant to a water purchase contract between the Issuer and said City. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project will not exceed $358,000 which will be obtained from the proceeds of sale of the Bond herein authorized.

E. It is necessary for the Issuer to issue its revenue bond in the principal amount of $358,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bond or for the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project.

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

G. There is outstanding an obligation of the Issuer which will rank senior and prior to the Bond as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1976, dated January 12, 1977 (the "1976 Bond"), issued in the original principal amount of $411,000, and held by or through General Electric Capital Corporation.

Other than the 1976 Bond, there are no outstanding bonds or obligations which will rank prior to or on a parity with the Bond as to liens, pledge and/or source of and security for payment.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated May 23, 1991, and all amendments thereto (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and, if applicable, the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

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

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

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

"Bond" means the Water Revenue Bond, Series 1992, authorized hereby.

"1976 Bond" means the outstanding Water Revenue Bond, Series 1976, of the Issuer described in Section 1.02G hereof.

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

"Bonds" means, collectively, the Bond and the 1976 Bond.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Cerrone & Associates, Inc., Wheeling, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

"Issuer" or "Borrower" means Central Hampshire Public Service District, in Hampshire County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means the Letter of Conditions of the Purchaser dated May 23, 1991, and all amendments thereto.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bonds and into the 1976 Reserve Fund, the 1992 Reserve Fund and the Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

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

"Purchaser" or "Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof.

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

(a) Government Obligations;

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

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

National Mortgage Association; Tennessee Valley Authority; or Washington Metropolitan Area Transit Authority;

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

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

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

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

such collateral, and such collateral must be free of all claims by third parties;

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

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

"Registered Owner," "Bondholder," "Holder of the Bond" or any similar term means any person who shall be the registered owner of the Bond.

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

"Resolutions" means, collectively, the 1976 Resolution and the Bond Legislation.

"1976 Resolution" means the resolution of the Issuer adopted January 6, 1977, authorizing the 1976 Bond.

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

"Secretary" means the Secretary of the Governing Body.

"System" means the waterworks of the Issuer as improved, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender.

Section 1.05. Compliance with Requirements of 1976 Bond and 1976 Resolution. The issuance of the Bond junior and subordinate to the 1976 Bond is permitted under the terms of the 1976 Bond and the 1976 Resolution, and the Issuer has complied with the terms of the 1976 Bond and the 1976 Resolution with respect to the issuance of the Bond or obtained a waiver thereof. The Issuer is not in default under the terms of the 1976 Bond, the 1976 Resolution or any document or agreement in connection therewith and has complied with all requirements of all the foregoing with respect to the issuance of the Bond.

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 $358,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1992," is hereby authorized to be issued in the aggregate principal amount of not exceeding $358,000 for the purpose of permanently financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 5% per annum, and shall be sold for the par value thereof.

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

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

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

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

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

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America, Farmers Home Administration. So long as the Bond shall be registered in the name of the United States of America, Farmers Home Administration, the address of the United States of America, Farmers Home Administration, for registration purposes shall be Post Office Box 678, Morgantown, West Virginia 26505, or such other address as shall be stated in writing to the Issuer by the United States of America, Farmers Home Administration.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and

substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for, but such liens and pledge are junior and subordinate to the liens and pledge of the 1976 Bond. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due as herein provided.

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

(Form of Bond)

WATER REVENUE BOND, SERIES 1992

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

$358,000

No. R-1 Date: _____

FOR VALUE RECEIVED, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED FIFTY-EIGHT THOUSAND DOLLARS ($358,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $1,758, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

Borrower within the meaning of any constitutional or statutory provision or limitation.

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

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

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

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

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

This Bond is junior and subordinate, as to liens on, pledge and source of and security for payment from such revenues, and in all other respects, to the 1976 Bond, defined and described in the Resolution.

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

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Rt. 1, Box 1900
(P. O. Box No. or Street Address)

Romney, West Virginia 26757
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	
		TOTAL		$	

[Form of Assignment]

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

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

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created and established with (or continued if previously established by the 1976 Resolution), and shall be held by, the Depository Bank separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the 1976 Resolution);

(2) Reserve Fund (established by the 1976 Resolution and herein called the "1976 Reserve Fund");

(3) Depreciation Reserve (established by the 1976 Resolution);

(4) Project Construction Account; and

(5) 1992 Reserve Fund.

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

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

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

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and

reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

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

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Bonds shall be outstanding and unpaid, or until there shall have been set apart in the 1992 Reserve Fund and the 1976 Reserve Fund, sums sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the respective Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of such payment, the Issuer further covenants with the holders of the Bonds as follows:

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

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to and in accordance with the terms of the 1976 Resolution and this Bond Legislation:

(i) The Issuer shall first each month pay from the moneys in the Revenue Fund all current Operating Expenses.

(ii) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the 1976 Bond, the amounts required to pay the interest on and the principal of the 1976 Bond as provided therein.

(iii) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the Depository Bank in the 1976 Reserve Fund, 1/12th of 1/10th of the

maximum aggregate amount of principal and interest becoming due on the 1976 Bond in any year until the amount in the 1976 Reserve Fund equals the sum of $25,000, which sum is herein called the "1976 Minimum Reserve." After the 1976 Minimum Reserve has been accumulated in the 1976 Reserve Fund, the Issuer shall monthly deposit into the 1976 Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the 1976 Bond and for payment of Operating Expenses of the System, as shall be required to maintain the 1976 Minimum Reserve in the 1976 Reserve Fund. Moneys in the 1976 Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the 1976 Bond to said National Finance Office as the same shall become due or for mandatory redemption of the 1976 Bond as in the 1976 Resolution and herein provided, and for no other purpose.

(iv) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, the Issuer shall next, on or before the due date of each installment on the Bond, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond (or such other place as may be subsequently designated pursuant to the Bond), the amounts required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue, and, thereafter, the Issuer shall transfer from the Revenue Fund and deposit in the 1992 Reserve Fund, 1/12th of 1/10th of the amount equal to the maximum amount of principal and interest becoming due on the Bond in any year, until the amount in the 1992 Reserve Fund equals such maximum amount (the "1992 Minimum Reserve"). After the 1992 Minimum Reserve has been accumulated in the 1992 Reserve Fund, the Issuer shall monthly deposit into the 1992 Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for the payments hereinabove provided, as shall be required to maintain the 1992 Minimum Reserve in the 1992 Reserve Fund. Moneys in the 1992 Reserve Fund shall be used solely to make up

any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose; provided, however, that when the 1992 Minimum Reserve has been accumulated in the 1992 Reserve Fund, all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund and used for prepayment of the principal of the Bond.

(v) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $54,900, and thereafter, such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the 1976 Bond as the same become due, and next to restore to the 1976 Reserve Fund any sum or sums transferred therefrom, and, thereafter, to meet the principal, interest and reserve payments upon the Bond, on a subordinate basis, to the extent that moneys in the 1992 Reserve Fund are insufficient therefor. Thereafter, and provided that payments into the 1976 Reserve Fund and the 1992 Reserve Fund are current and in accordance with the foregoing provisions and provisions of the 1976 Resolution, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(vi) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the 1976 Bond outstanding and, thereafter, to prepay

installments on the Bond, or for any lawful purpose.

Whenever the moneys in the 1976 Reserve Fund shall be sufficient to prepay the 1976 Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary in the Resolutions notwithstanding, to direct the Depository Bank to prepay the 1976 Bond at the earliest practical date and in accordance with the applicable provisions of the 1976 Resolution and hereof.

Whenever the moneys in the 1992 Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The Depository Bank is hereby and by the 1976 Resolution designated as the Fiscal Agent for the administration of the 1976 Reserve Fund, the 1992 Reserve Fund and the Depreciation Reserve as herein and therein provided, and all amounts required for the 1976 Reserve Fund, the 1992 Reserve Fund and the Depreciation Reserve will be deposited by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein and in the 1976 Resolution, together with written advice stating the amount remitted for deposit into each such fund.

The Revenue Fund, the 1991 Reserve Fund and the Depreciation Reserve shall constitute trust funds and shall be used only for the purposes and in the order provided herein and in the 1976 Resolution, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, which lien shall be junior and subordinate to the lien of the holder of the 1976 Bond as to the Revenue Fund and the Depreciation Reserve, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers and to place the required amount in any of the funds or accounts as hereinabove and in the 1976 Resolution provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Depository Bank shall keep the moneys in the 1976 Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. The Depository Bank, at the direction of the Issuer, shall keep the moneys in the 1992 Reserve Fund invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided in the 1976 Resolution or herein, or unless otherwise required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held by the "consolidated fund" managed by the West Virginia State Board of Investments. Subject to the 1976 Resolution, 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 interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the 1976 Reserve Fund and the 1992 Reserve Fund, so long as the respective 1976 Minimum Reserve and 1992 Minimum Reserve are on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

C. CHANGE OF DEPOSITORY BANK AND FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank and Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser and shall give such other notice as required under, and in the manner provided in, the 1976 Resolution.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 700 bona fide users upon the System on completion

of the Project, in full compliance with the requirements and conditions of the Purchaser.

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

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or accounts with the Depository Bank shall at all times be secured, to the full extent thereof in excess of such insured sum, in a lawful manner for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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

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

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the 1992 Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to the payment and deposits on account of the 1976 Bond, plus Net Revenues equal to not less than 110% of the annual debt service on the Bond and sufficient to make the payments required herein into the 1992 Reserve Fund and the Depreciation Reserve and for all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any or all of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

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

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all

above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement

of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 5.06. Statutory Mortgage. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond, but junior and subordinate to the lien in favor of the holder of the 1976 Bond.

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

(a) Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof; and

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

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

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

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

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

Budget of Current Expenses shall be mailed immediately to the Purchaser.

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

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

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

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

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

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as required under the order of the Public Service Commission of West Virginia, entered on September 10, 1992, Case No. 91-999-PWD-CN, which order is incorporated herein by reference as a part hereof, and any applicable prior order and/or tariff with respect to such rates and charges.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

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

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

Section 7.03. Delivery of Bond No. R-1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

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

Section 7.05. Conflicting Provisions Repealed. All other resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47) or the 1976 Resolution.

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

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

Adopted: September 21, 1992.

Chairman of Public Service Board

Member

Member

09/15/92
CHB.A2
13545/91001

SPECIMEN BOND

WATER REVENUE BOND, SERIES 1992

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

$358,000

No. R-1 Date: September 21, 1992

FOR VALUE RECEIVED, CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, Farmers Home Administration (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of THREE HUNDRED FIFTY-EIGHT THOUSAND DOLLARS ($358,000), plus interest on the unpaid principal balance at the rate of 5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $1,758, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

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

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

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

This Bond is junior and subordinate, as to liens on, pledge and source of and security for payment from such revenues, and in all other respects, to the 1976 Bond, defined and described in the Resolution.

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

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____

Chairman, Public Service Board
Rt. 1, Box 1900
Romney, West Virginia 26757

ATTEST:

_____

Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	
		TOTAL		$	

[Form of Assignment]

ASSIGNMENT

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

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

Dated: _____, _____.

_____

In the presence of:

_____

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

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

BOND RESOLUTION

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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.

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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;

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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.

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 Wood

Chairman

ATTEST:

SPECIMEN

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:

_____

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

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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.

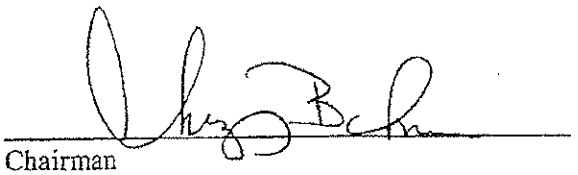
Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

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.

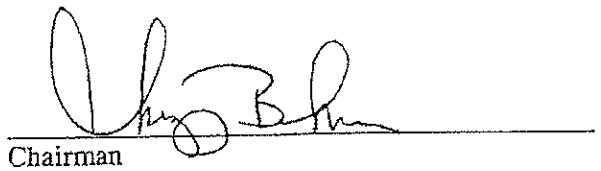
Section 19. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and 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
	17,470.04	-	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	-	17,470.04
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	-	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 $

EXHIBIT B

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: _____, _____.

_____

In the presence of:

_____

SPECIMEN

CENTRAL HAMPSHIRE PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS,
SERIES 1999 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 1999 B (WEST VIRGINIA INFRASTRUCTURE FUND) — Refunded by 2005 A
AND
SEWERAGE SYSTEM BOND ANTICIPATION NOTES,
SERIES 1999 (WEST VIRGINIA INFRASTRUCTURE FUND) — Paid by 2005 B

BOND AND NOTE RESOLUTION

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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

(SPECIMEN 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-1 $2,836,000

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 TWO MILLION EIGHT HUNDRED THIRTY-SIX THOUSAND DOLLARS ($2,836,000), 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, 2000, 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 December 1, 2000, 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 April 1, 1999.

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 April 20, 1999, and a Supplemental Resolution duly adopted by the Issuer on April 20, 1999 (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 APRIL 27, 1999, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,725,000 (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 APRIL 27, 1999, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,600,000 (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 April 27, 1999.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

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: April 27, 1999.

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$141,800	4-27-99	(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

Central Hampshire Public Service District, WV

Loan C-544140

$2,836,000; 0% Interest Rate; 1% Administrative Fee; 20 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/1999	-	-	-
9/01/1999	-	-	-
12/01/1999	-	-	-
3/01/2000	-	-	-
6/01/2000	-	-	-
9/01/2000	-	-	-
12/01/2000	35,450.00	-	35,450.00
3/01/2001	35,450.00	-	35,450.00
6/01/2001	35,450.00	-	35,450.00
9/01/2001	35,450.00	-	35,450.00
12/01/2001	35,450.00	-	35,450.00
3/01/2002	35,450.00	-	35,450.00
6/01/2002	35,450.00	-	35,450.00
9/01/2002	35,450.00	-	35,450.00
12/01/2002	35,450.00	-	35,450.00
3/01/2003	35,450.00	-	35,450.00
6/01/2003	35,450.00	-	35,450.00
9/01/2003	35,450.00	-	35,450.00
12/01/2003	35,450.00	-	35,450.00
3/01/2004	35,450.00	-	35,450.00
6/01/2004	35,450.00	-	35,450.00
9/01/2004	35,450.00	-	35,450.00
12/01/2004	35,450.00	-	35,450.00
3/01/2005	35,450.00	-	35,450.00
6/01/2005	35,450.00	-	35,450.00
9/01/2005	35,450.00	-	35,450.00
12/01/2005	35,450.00	-	35,450.00
3/01/2006	35,450.00	-	35,450.00
6/01/2006	35,450.00	-	35,450.00
9/01/2006	35,450.00	-	35,450.00
12/01/2006	35,450.00	-	35,450.00
3/01/2007	35,450.00	-	35,450.00
6/01/2007	35,450.00	-	35,450.00
9/01/2007	35,450.00	-	35,450.00
12/01/2007	35,450.00	-	35,450.00
3/01/2008	35,450.00	-	35,450.00
6/01/2008	35,450.00	-	35,450.00
9/01/2008	35,450.00	-	35,450.00
12/01/2008	35,450.00	-	35,450.00
3/01/2009	35,450.00	-	35,450.00
6/01/2009	35,450.00	-	35,450.00
9/01/2009	35,450.00	-	35,450.00
12/01/2009	35,450.00	-	35,450.00
3/01/2010	35,450.00	-	35,450.00
6/01/2010	35,450.00	-	35,450.00
9/01/2010	35,450.00	-	35,450.00
12/01/2010	35,450.00	-	35,450.00

Central Hampshire Public Service District, WV

Loan C-544140

$2,836,000; 0% Interest Rate; 1% Administrative Fee; 20 Years

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2011	35,450.00	-	35,450.00
6/01/2011	35,450.00	-	35,450.00
9/01/2011	35,450.00	-	35,450.00
12/01/2011	35,450.00	-	35,450.00
3/01/2012	35,450.00	-	35,450.00
6/01/2012	35,450.00	-	35,450.00
9/01/2012	35,450.00	-	35,450.00
12/01/2012	35,450.00	-	35,450.00
3/01/2013	35,450.00	-	35,450.00
6/01/2013	35,450.00	-	35,450.00
9/01/2013	35,450.00	-	35,450.00
12/01/2013	35,450.00	-	35,450.00
3/01/2014	35,450.00	-	35,450.00
6/01/2014	35,450.00	-	35,450.00
9/01/2014	35,450.00	-	35,450.00
12/01/2014	35,450.00	-	35,450.00
3/01/2015	35,450.00	-	35,450.00
6/01/2015	35,450.00	-	35,450.00
9/01/2015	35,450.00	-	35,450.00
12/01/2015	35,450.00	-	35,450.00
3/01/2016	35,450.00	-	35,450.00
6/01/2016	35,450.00	-	35,450.00
9/01/2016	35,450.00	-	35,450.00
12/01/2016	35,450.00	-	35,450.00
3/01/2017	35,450.00	-	35,450.00
6/01/2017	35,450.00	-	35,450.00
9/01/2017	35,450.00	-	35,450.00
12/01/2017	35,450.00	-	35,450.00
3/01/2018	35,450.00	-	35,450.00
6/01/2018	35,450.00	-	35,450.00
9/01/2018	35,450.00	-	35,450.00
12/01/2018	35,450.00	-	35,450.00
3/01/2019	35,450.00	-	35,450.00
6/01/2019	35,450.00	-	35,450.00
9/01/2019	35,450.00	-	35,450.00
12/01/2019	35,450.00	-	35,450.00
3/01/2020	35,450.00	-	35,450.00
6/01/2020	35,450.00	-	35,450.00
9/01/2020	35,450.00	-	35,450.00
Total	2,836,000.00	-	2,836,000.00 *

*Plus $3,589.32 one-percent administrative fee paid quarterly. Total fee paid over the life of the loan is $287,145.60.

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:

_____

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

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

BOND RESOLUTION

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GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF GREEN SPRING VALLEY 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 $591,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2006 B (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of constructing a water distribution and treatment system and installing approximately 15,000 linear feet of six inch water line, constructing a 157,000 gallon water storage tank, repainting the existing 100,000 water storage tank and making upgrades to the Issuer's existing water treatment plant, including a filtration system (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is $2,543,000 of which $591,000 will be obtained from the proceeds of sale of the Series 2006 B Bonds herein authorized, $170,000 will be obtained from a grant from the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), $368,000 will be obtained from a subsequent grant from the Purchaser and $1,414,000 will be obtained from a grant from the Small Cities Block Grant.

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2006 B (United States Department of Agriculture), in the aggregate principal amount of $591,000 (the "Series 2006 B Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2006 B Bonds prior to, during and for six months after completion of such

acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 B Bonds as to liens, pledge and source of and security for payment, being the (i) Water Refunding Bonds, Series 2006 A (BB&T), dated June 29, 2006, issued in the original aggregate principal amount of $238,197 (the "Series 2006 A Bonds"), (ii) Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds") and the Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds") collectively referred to herein as the "Prior Bonds". Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2006 B Bonds as to liens, pledge and/or source of and security for payment.

Prior to the issuance of the Series 2006 B 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 consents of the Holders of the Prior Bonds to the issuance of the Series 2006 B Bonds on a parity with the Prior Bonds. The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2006 B Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated August 12, 2002, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the

Series 2006 B Bonds, or will have so complied prior to issuance of the Series 2006 B Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

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

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

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

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

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

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

"Chairman" means the Chairman of the Governing Body.

"Commission" means the West Virginia Municipal Bond Commission, formerly known as the State Sinking Fund Commission, or any other agency of the State of West Virginia that succeeds to the functions of the Commission.

"Consulting Engineer" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

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

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

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

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

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated August 12, 2002, and all amendments thereto, if any.

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

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment

of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means, collectively, the Series 1970 Bonds, the Series 1989 A Bonds, and the Series 2006 A Bonds.

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

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

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

"Resolutions" means, the Bond Legislation.

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

"Secretary" means the Secretary of the Governing Body.

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

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

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

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

ARTICLE II

AUTHORIZATION OF 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 $2,543,000, 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 Series 2006 B Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2006 B Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2006 B (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of $591,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2006 B Bonds shall be issued in single form, numbered AR-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Series 2006 B Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.375% per annum, and shall be sold for the par value thereof.

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

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

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

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

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

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

Section 3.05. Execution of Bonds. The Series 2006 B Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2006 B Bonds shall cease to be such officer of the Issuer before the Series 2006 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. The Series 2006 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 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2006 B Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2006 B Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2006 B Bonds shall have

matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

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

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

(FORM OF BOND)

UNITED STATES OF AMERICA
GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2006 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$_____

No. BR-1 Date: _____

FOR VALUE RECEIVED, GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of _____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 28 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

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

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

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

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

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2006 B BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, BEING THE (i) WATER SYSTEM NOTE, SERIES 1970 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1970, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $93,000 (THE "SERIES 1970 BONDS"); THE WATER SYSTEM NOTE, SERIES 1989 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $260,000 (THE "SERIES 1989 A BONDS"); AND (ii) WATER REFUNDING BONDS, SERIES 2006 A (BRANCH BANKING AND TRUST COMPANY), DATED JUNE 29, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ (THE "SERIES 2006 A BONDS"), ALL COLLECTIVELY REFERRED TO HEREIN AS THE PRIOR BONDS.

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

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

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: _____
Its: Chairman
Green Spring Valley Public Service District
Post Office Box 845
Green Spring, West Virginia 26378

ATTEST:

_____
Secretary, Public Service Board

(Form of)

RECORD OF ADVANCES

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

TOTAL $

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

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

Section 4.01. A. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund (established by the Prior Resolutions); and

(2) Reserve Fund (established by the Prior Resolutions);

(3) Renewal and Replacement Fund; and

(4) Project Construction Account.

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

(1) Series 2006 B Bonds Reserve Account.

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

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

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

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

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

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2006 B Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2006 B Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 B Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2006 B Bonds as follows:

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

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

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

(2) The Issuer shall next, each month, before the due date of payment, transfer from the Revenue Fund and simultaneously remit (i) to the National Finance Office or BB&T, as applicable, the amounts required to pay the interest on and principal of the Prior Bonds; and (ii) to the National Finance Office, the amounts required to pay the interest on the Series 2006 B Bonds and to amortize the principal of the Series 2006 B Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2006 B Bonds shall be made on an equal pro

rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the date specified in the Prior Resolutions, transfer from the Revenue Fund and remit (i) to the Depository Bank or the Commission, as applicable, the amounts required by the Prior Resolutions to be deposited in the respective reserve funds for the Prior Bonds; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 28th day of the 24th monthly anniversary of the Closing Date, and continuing on the 28th day of each month thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2006 B Bonds Reserve Account, an amount equal to 10% of your monthly payment each month, until the amount in the Series 2006 B Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2006 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 Minimum Reserve. Monies in the Series 2006 B Bonds Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2006 B Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2006 B Bonds, or for mandatory prepayment of the Series 2006 B Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2006 B Bond Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be returned not less than once each year, by the Commission to the Issuer, to be deposited in the Revenue Fund.

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

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

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

The Commission is hereby designated as the Fiscal Agent for the administration of the Series 2006 B Bonds Reserve Account. All amounts required for the Series 2006 B Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such fund.

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

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

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

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

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

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2006 B Bonds, provide evidence that there will be at least 448 bona fide users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

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

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

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

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

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Series 2006 B Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed $591,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2006 B Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

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

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

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

Section 5.04. Issuance of Additional Parity Bonds or Obligations. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. No additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

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

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Bonds, representing 75% of the then-outstanding principal indebtedness.

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

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

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2006 B Bonds.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured

or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

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

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

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

(g) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, during construction of the Project and so long as the Series 2006 B Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2006 B Bonds, on a parity with the Prior 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 and shall take effect immediately upon the delivery of the Series 2006 B Bonds.

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

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

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

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

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

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

Section 5.09. Fiscal Year; Budget. While the Series 2006 B Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no

expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

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

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

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

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

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

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Commission Order of the Public Service Commission of West Virginia, entered on June 29, 2006, in Case No. 05-0606-PWD-CN, which Recommended Decision is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

MISCELLANEOUS

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

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

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

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

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

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

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

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

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

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

[Remainder of Page Intentionally Left Blank]

Adopted this 28th day of June, 2006.

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT on the 28th day of June, 2006.

Dated: June 30, 2006.

[SEAL]

Roger O. Whitney
Secretary

06.13.06
354410.00001

SPECIMEN

UNITED STATES OF AMERICA
GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2006 B
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$591,000

No. BR-1

Date: June 30, 2006

FOR VALUE RECEIVED, GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FIVE HUNDRED NINETY-ONE THOUSAND DOLLARS ($591,000), plus interest on the unpaid principal balance at the rate of 4.375% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 28 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,666, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid on the 28th day of the month, 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted June 28, 2006, authorizing issuance of this Bond (the "Resolution").

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

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

THERE ARE OUTSTANDING OBLIGATIONS OF THE ISSUER WHICH WILL RANK ON A PARITY WITH THE SERIES 2006 B BONDS AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, BEING THE (i) WATER SYSTEM NOTE, SERIES 1970 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED OCTOBER 23, 1970, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $93,000 (THE "SERIES 1970 BONDS"), (ii) THE WATER SYSTEM NOTE, SERIES 1989 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED SEPTEMBER 22, 1989, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $260,000 (THE "SERIES 1989 A BONDS"), AND (iii) WATER REFUNDING BONDS, SERIES 2006 A (BRANCH BANKING AND TRUST COMPANY), DATED JUNE 29, 2006, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $238,197 (COLLECTIVELY, THE "PRIOR BONDS").

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

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

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

By: _____
Its: Chairman

SPECIMEN

ATTEST:

_____
Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $60,000	June 30, 2006	(19) $	
(2) $		(20) $	
(3) $		(21) $	
(4) $		(22) $	
(5) $		(23) $	
(6) $		(24) $	
(7) $		(25) $	
(8) $		(26) $	
(9) $		(27) $	
(10) $		(28) $	
(11) $		(29) $	
(12) $		(30) $	
(13) $		(31) $	
(14) $		(32) $	
(15) $		(33) $	
(16) $		(34) $	
(17) $		(35) $	
(18) $		(36) $	

TOTAL $

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:

_____

06.13.06
354410.00001

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

WATER REFUNDING REVENUE BONDS, SERIES 2006 A

BOND RESOLUTION

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CERTIFICATION

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REVENUE BONDS, SERIES 1983 AND SERIES 1985 (GMAC), OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING BONDS, SERIES 2006 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF 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 GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Green Spring Valley Public Service District (the "Issuer") is a public service district and public corporation of the State of West Virginia in Hampshire County of said State.

B. The Issuer now owns and operates a public waterworks system. The refunding of the GMAC Bonds, as hereinafter defined, hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The Issuer has heretofore issued its Water Revenue Bonds, Series 1983, dated May 4, 1983, issued in the original aggregate principal amount of $317,000 and Water Revenue Bonds, Series 1985, dated December 5, 1985, issued in the original aggregate

principal amount of $27,000 (collectively, the "GMAC Bonds") and currently held by General Motors Acceptance Corporation.

D. It is in the best interest of the Issuer that the GMAC Bonds be currently refunded in order to allow the Issuer to take advantage of the interest savings.

E. It is deemed necessary for the Issuer to issue its Water Refunding Bonds, Series 2006 A (the "Series 2006 A Bonds") in the total aggregate principal amount of not more than $300,000 to pay in full the principal of and interest accrued on the GMAC Bonds, and to pay costs of issuance thereof and related costs.

F. It is in the best interest of the Issuer that the Series 2006 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the commitment letter of the Purchaser dated June 8, 2006.

G. The Issuer has complied with all requirements of West Virginia law relating to authorization of the refunding of the GMAC Bonds, and the issuance of the Series 2006 A Bonds, or will have so complied prior to issuance of the Series 2006 A Bonds, including, among other things, the obtaining of the approval of this financing and the refunding of the GMAC Bonds from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

H. Upon the refunding of the GMAC Bonds, there are outstanding obligations of the Issuer which will rank on a parity with the Series 2006 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds") and the Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"), collectively referred to herein as the "Prior Bonds".

Prior to the issuance of the Series 2006 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2006 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all covenants of the Prior Bonds and the Prior Resolutions.

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

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 Owner, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2006 A Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds, and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

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

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

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

"Bond Registrar" or "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 2006 A Bonds, the Prior Bonds and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder of by another resolution of the Issuer.

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

"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.

"Depository Bank" means the bank designated as such in the Supplemental Resolution, and its successors and assigns.

"FDIC" means the Federal Deposit Insurance Corporation or 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.

"GMAC Bonds" means, collectively, the Water Revenue Bonds, Series 1983, dated May 4, 1983, issued in the original aggregate principle amount of $317,000 and Water Revenue Bonds, Series 1985, dated December 5, 1985, issued in the original aggregate principal amount of $27,000.

"GMAC Resolution" means, collectively the Bond Resolutions authorizing the GMAC Bonds.

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

"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, 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 or any Tap Fees, as hereinafter defined.

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

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

"Net Proceeds" means the face amount of the Series 2006 A Bonds, plus accrued interest and premium, if any, and less original issue discount, if any. 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 2006 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"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, fees and expenses of fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as hereinafter defined), payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Series 2006 A 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 IX hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders, and Bonds registered to the Issuer.

"Parity Bonds" means additional Parity Bonds issued under the provisions and within the limitations prescribed by Section 5.04 hereof.

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

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit

and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

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

"Prior Bonds" means, collectively, the Series 1970 Bonds, and the Series 1989 A Bonds.

"Prior Resolutions" means, collectively, the resolutions authorizing the Series 1970 and the Series 1989 A Bonds.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC 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 6(c) of the West Virginia Code of 1931, as amended; and

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

"Regulations" means temporary and permanent regulations promulgated under the Code.

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

"Series 2006 A Bonds" means the Water Refunding Bonds, Series 2006 A (Branch Banking and Trust Company), authorized hereby to be issued pursuant to this Resolution.

"Series 2006 A Bonds Reserve Account" means the Series 2006 A Bonds Reserve Account created by Section 4.02 hereof.

"Series 2006 A Bonds Reserve Requirement" means, as of any date of calculation, the lesser of (i) 10% of the original stated principal amount of the Series 2006 A Bonds; (ii) the maximum amount of principal and interest which will become due on the Series 2006 A Bonds in any year; or (iii) 125% of the average amount of principal and interest which will become due on the Series 2006 A 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 authorizing the sale of the Series 2006 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2006 A Bonds and not so included may be included in another Supplemental Resolution.

"System" means the complete public waterworks system of the Issuer, presently existing in its entirety or any integral part thereof, and any further additions, extensions and improvements 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.

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 REFUNDING

Section 2.01. Authorization of Refunding All GMAC Bonds Outstanding as of the date of issuance of the Series 2006 A Bonds and all unpaid interest accrued thereon, if any, are hereby ordered to be refunded and paid in full and the pledge of Net Revenues in favor of the Holders of the GMAC Bonds imposed by the GMAC Resolution, the monies in the funds and accounts created by the GMAC Resolution pledged to payment of the GMAC Bonds, and any other funds pledged by the GMAC Resolution to payment of the GMAC Bonds are hereby ordered terminated, discharged and released upon such payment to the Holders of the GMAC Bonds. Contemporaneously with the payment in full of the GMAC Bonds, the amounts on deposit in the sinking fund, and all other funds and accounts created and maintained on behalf of the GMAC Bonds, shall be released from the lien created by the GMAC Resolution. The portion of the proceeds of the Series 2006 A Bonds hereby authorized to be applied towards the refunding of the GMAC Bonds shall be applied as provided in Article III hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS

Section 3.01. Authorization of Bonds. For the purpose of refunding the GMAC Bonds, and paying certain costs of issuance and related costs not otherwise provided for, or any all of such purposes, there is hereby authorized to be issued the Water Refunding Bonds, Series 2006 A, of the Issuer, in the aggregate principal amount of not more than $300,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution.

Section 3.02. Terms of Bonds. The Series 2006 A Bonds shall be issued in single form, numbered AR-1, and only as a fully registered Bond. The Series 2006 A Bonds shall be dated such date; shall be in such principal amount, not to exceed $300,000; shall bear interest at such rate or rates, not exceeding the then legally permissible limit on such dates; shall mature on such dates and in such amounts; and shall be subject to such repayment or redemption, all as the Issuer shall prescribe in a Supplemental Resolution. The Series 2006 A Bonds shall be payable as to principal and interest at the office of the Paying Agent in any coin or currency which, on the dates of payment is legal tender for the payment of public or private debts under the laws of the United States of America. The Series 2006 A Bonds shall be subject to prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

Section 3.03. Execution of Bonds. The Series 2006 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2006 A Bonds shall cease to be such officer of the Issuer before the Series 2006 A Bonds so signed and sealed have been actually sold and delivered, the Series 2006 A Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2006 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2006 A Bonds 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 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and

Registration on any Series 2006 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2006 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting any of the Series 2006 A Bonds, shall be conclusively deemed to have agreed that such Bond 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 Bond shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2006 A Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Series 2006 A Bonds.

The registered Series 2006 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2006 A Bonds or transferring the registered Bonds are exercised, the Bonds shall be delivered in accordance with the provisions of this Bond Legislation. Any Series 2006 A Bond surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of the Series 2006 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 such 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 person requesting such exchange or transfer, as a condition precedent to the exercise of the privilege of making such transfer. The Bond Registrar shall not be obliged to make any such exchange or transfer of the Series 2006 A Bonds during the 15 days preceding a scheduled payment date on such Bonds or after notice of any prepayment of such Bonds has been given.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2006 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Series 2006 A Bond of like tenor as the Bond 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 Series 2006 A 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. The Series 2006 A Bond 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 Series 2006 A 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 2006 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2006 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2006 A Bonds or the interest 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 2006 A Bonds shall be secured forthwith by a lien on the Net Revenues derived from the System, in addition to the statutory mortgage lien on the System hereinafter provided, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2006 A Bonds, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2006 A Bonds as the same become due.

Section 3.09. Form of Bond. The text of the Series 2006 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[FORM OF BOND]

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
WATER REFUNDING BONDS, SERIES 2006 A

No. R-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this the _____ day of _____, 2006, GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a 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 order of

- BRANCH BANKING AND TRUST COMPANY -

or registered assigns (the "Payee"), the principal sum of _____and ($_____), plus interest as follows:

A. Interest on this Bond shall be payable at a rate of ____% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days, and the actual number of days in a month (actual number of days divided by 360) payable for the actual number of days elapsed during any portion of a month.

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at a rate of ____% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. This Bond shall be payable in ____ installments commencing on the ___ day of ___ and on the ____ day of each month thereafter, to and including _____ ,_____. The monthly installments shall consist of principal and interest of $_____ per month.

D. All payments received by the Paying Agent on account of the Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of the Bond. If not sooner paid, the entire principal amount of this Bond unpaid on _____, ____, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond 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 Branch Banking and Trust Company, Charleston, West Virginia, as Bond Registrar and Paying Agent.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

This Bond is issued to (i) refund the Issuer's Water Revenue Bonds, Series 1983 and Series 1985 (GMAC), and (ii) to pay costs of issuance and related costs. The existing public waterworks facilities of the Issuer, and any further additions, improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on June __, 2005, and a Supplemental Resolution, duly adopted by the Issuer on June __, 2006 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds") and the Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"), collectively referred to herein as the "Prior Bonds").

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 the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Payee, for the terms of which reference is made to said Bond Legislation. Remedies provided the Payee

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 Bond 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to such registration requirements, 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.

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

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

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

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Its: Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

BRANCH BANKING AND TRUST COMPANY,
as Registrar

By: _____
Its: Authorized Officer

[Form of Assignment]

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Bonds. The Series 2006 A Bonds shall be sold to the Purchaser contemporaneously with, or as soon as practicable and authorized and permitted by applicable law after, the adoption of the Supplemental Resolution; provided, that the Purchaser and the Issuer shall have agreed to the purchase thereof.

Section 3.11. Disposition of Bond Proceeds. From the monies received from the sale of the Series 2006 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2006 A Bonds, the Issuer shall forthwith wire $_____ of the proceeds of the Series 2006 A Bonds which is equal to the amount necessary to pay in full the entire principal of and interest accrued on the GMAC Bonds directly to GMAC, the Holder thereof.

B. Next, the Purchaser shall pay the costs of issuance of the Series 2006 A Bonds.

Section 3.12. Designation of Bonds "Qualified Tax-Exempt Obligations." The Issuer hereby designates the Series 2006 A Bonds as "qualified tax-exempt obligations" for the purpose of Section 265(b)(3)(B) of the Code and covenants that the Bond does not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code), including the Series 2006 A Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during calendar year 2006.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

(2) Reserve Fund (established by Prior Resolutions); and

(3) Renewal and Replacement Fund.

Section 4.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby created with (or continued if previously established by the Prior Resolutions) and shall be held by the Commission separate and apart from all other funds or accounts of the Commission and the Issuer and from each other:

(1) Series 2006 A Bonds Reserve Account.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as the Series 2006 A Bonds shall be outstanding and unpaid, or until there shall have been set apart, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2006 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Series 2006 A Bonds as follows:

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

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Series 2006 A Bonds transfer from the Revenue Fund and remit

(i) to the National Finance Office designated in the Prior Bonds (or such other place as may be provided pursuant to the Prior Bonds) the amounts required to pay the principal and interest, if any, on the Prior Bonds; and (ii) to the Paying Agent the amount required to pay the interest on the Series 2006 A Bonds and to amortize the principal of the Series 2006 A Bonds over the life of the Series 2006 A Bonds. All payments with respect to principal of and interest on the Prior Bonds and the Series 2006 A Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, (i) on the date specified in the Prior Resolutions, transfer from the Revenue Fund and remit to the Depository Bank the amounts required for deposit into the Reserve Fund for the Prior Bonds; provided, that as long as the Prior Bonds are outstanding, the Issuer must accumulate and maintain in the Reserve Fund the aggregate sum of $20,824; and (ii) remit to the Commission, commencing the month following the closing date for deposit in the Series 2006 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2006 A Bonds Reserve Requirement, until the amount in the Series 2006 A Bonds Reserve Account equals the Series 2006 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2006 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2006 A 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, the amounts required by the Prior Resolutions and 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 monies from the Renewal and Replacement Fund.

(5) After all the foregoing provisions for use of monies in the Revenue Fund have been fully complied with, any monies remaining therein and not permitted to be retained therein may be used to prepay installments of the Prior Bonds and the Series 2006 A Bonds, pro rata, or for any lawful purpose.

The Depository Bank and the Commission, as applicable, are hereby designated as the Fiscal Agents for the administration of the Renewal and Replacement Fund and the Series 2006 A Bonds Reserve Account, and all amounts required for the Renewal and Replacement Fund and Series 2006 A Bonds Reserve Account will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, as applicable, together with written advice stating the amount remitted for deposit into each such fund.

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

Any withdrawals from the Series 2006 A Bonds Reserve Account which result in a reduction in the balance of the Series 2006 A Bonds Reserve Account to below the Series 2006 A Bonds Reserve Requirement shall be subsequently restored, on a pro rata basis, from the first Net Revenues available after all required payments have been made with respect to the principal of and interest on the Prior Bonds and the Series 2006 A Bonds. Monies in the Series 2006 A Bonds Reserve Account shall be used only for, and are hereby pledged for, the purpose of paying principal of and interest on the Series 2006 A Bonds as the same shall come due, when other monies of the Issuer are insufficient therefor, and for no other purpose.

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

Subject to the Prior Resolutions, the Depository Bank and the Commission, as applicable, at the direction of the Issuer, shall keep the monies in the Renewal and Replacement Fund and the Series 2006 A Bonds Reserve Account, as applicable, invested and reinvested to the fullest extent possible in

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

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

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

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

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

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

ARTICLE V

GENERAL COVENANTS

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

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

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

Section 5.04. Issuance of Additional Parity Bonds. So long as the Prior Bonds are outstanding, no additional Parity Bonds or obligations payable out of any of the Revenues of the System shall be issued, except as set forth in the Prior Resolution.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2006 A Bonds.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, improvements or betterments to the System or refunding the Prior Bonds or the Bonds issued pursuant hereto or subsequent Parity Bonds, or any combination of 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 Outstanding;

(2) Any Parity Bonds theretofore issued pursuant to the provisions contained in this Bond Legislation 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 the certificate of the Independent Certified Public Accountants.

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, 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 Holder of the Series 2006 A 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. 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 Bonds on such Revenues. The Issuer shall not issue any obligations whatsoever payable from the 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 Bond.

No Parity Bonds shall be issued any time, however, unless all the payments 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 5.05. Insurance and Bonds. A. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Series 2006 A Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(i) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion.

(ii) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2006 A Bonds.

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

procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

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

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

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

(vii) Provided, however, and in lieu of and notwithstanding the foregoing provisions of this Section, so long as the Series 2006 A Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer with insurance carriers or bonding companies acceptable to Purchaser.

B. All insurance proceeds awarded to the Issuer that are not applied to the repair or replacement of the subject property damaged or destroyed, shall be applied by the Issuer to prepayment of the Bond, unless otherwise consented to in writing by the Bondholder.

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

Section 5.07. Fiscal Year; Budget. While the Series 2006 A Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the

operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

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

Section 5.08. Compensation of Members of Governing Body The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.09. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

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

Section 5.10. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2006 A Bonds are outstanding.

Section 5.11. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body,

agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Commission Order of the Public Service Commission of West Virginia, entered on June __, 2006, Case No. 05-0606-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

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

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

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

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

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

ARTICLE VII

TAX COVENANTS

Section 7.01. 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 2006 A Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2006 A Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2006 A Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2006 A Bonds during the term thereof is, under the terms of the Series 2006 A Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2006 A Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the project, or if the Series 2006 A Bonds is 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 that 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 the lesser of 5% of the Net Proceeds of the Series 2006 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2006 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2006 A Bonds

and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2006 A Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions, or fail to take any actions which would adversely affect such exclusion.

Section 7.02. 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 2006 A Bonds which would cause the Series 2006 A Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code, and (ii) it will take 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 2006 A Bonds) so that the interest on the Series 2006 A Bonds will be and remain excluded from gross income for Federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 7.03. 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 2006 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. The Issuer and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 7.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 7.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations.

ARTICLE VIII

DEFAULT AND REMEDIES

Section 8.01. Events of Default. A. Each of the following events shall constitute an "Event of Default" with respect to the Series 2006 A Bonds:

1. If default occurs in the due and punctual payment of the principal of or interest on the Series 2006 A Bonds; or

(A) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2006 A Bonds set forth in this Bond Legislation, any supplemental resolution, or in the Series 2006 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Paying Agent, Depository Bank, any other bank or banking association holding any fund or account hereunder or a Holder of a Series 2006 A Bonds;

(B) 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

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

Section 8.02. Remedies. Upon the happening and continuance of any Event of Default, the Registered Owner of the Series 2006 A Bonds 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 Owner 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 2006 A 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 Owner of the Series 2006 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2006 A Bonds, or the rights of such Registered Owner.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2006 A Bonds shall be on a parity with those of the Holders of the Prior Bonds.

ARTICLE IX

DEFEASANCE

Section 9.01. Defeasance. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holder of the Series 2006 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then this Bond Legislation and the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Series 2006 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2006 A Bonds from gross income for federal income tax purposes.

The payment of the Series 2006 A Bonds with either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on the Series 2006 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. The Series 2006 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Paying Agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Paying Agent at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on the Series 2006 A Bonds on and prior to the maturity dates thereof. Neither securities nor monies deposited with the Paying Agent pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on the Series 2006 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Paying Agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on the Series 2006 A Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Paying Agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment or Modification of Bond Legislation. This Bond Legislation may not be amended or modified after final passage without the prior written consent of the Registered Owner; provided, however, that this Bond Legislation may be amended without the consent of the Registered Owner as may be necessary to assure the exclusion of interest on the Series 2006 A Bonds from gross income of the Registered Owner for federal income tax purposes.

Section 10.02. 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 2006 A Bonds.

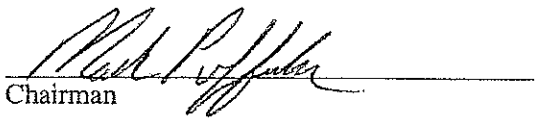
Section 10.03. Table of Contents and Headings. The table of contents and headings of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 10.04. Conflicting Provisions Repealed. All orders, indentures, or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, 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 10.05. 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 10.06. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 28th of June, 2006.



Chairman

CERTIFICATION

Certified a true copy of a Bond Resolution duly adopted by the Public Service Board of Green Spring Valley Public Service District on the 28th day of June, 2006.

Date: June 29, 2006.

[SEAL]

Secretary

06.13.06
354410.00002

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

Water Refunding Bonds, Series 2006 A
(Branch Banking and Trust Company)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO DATE, MATURITY, INTEREST RATE AND OTHER TERMS OF THE WATER REFUNDING BONDS, SERIES 2006 A, OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING THE SALE AND DELIVERY OF SUCH BONDS TO BRANCH BANKING AND TRUST COMPANY; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the public service board (the "Governing Body") of Green Spring Valley Public Service District (the "Issuer") has duly and officially adopted a resolution on June 28, 2006 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE WATER REVENUE BONDS, SERIES 1983 AND SERIES 1985 (GMAC), OF GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT AND THE ACQUISITION OF CERTAIN EQUIPMENT TO BE USED IN CONNECTION WITH THE OPERATION OF THE EXISTING PUBLIC WATERWORKS FACILITIES OF THE DISTRICT THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REFUNDING BONDS, SERIES 2006 A; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, the Bond Resolution provides for the issuance of Water Refunding Bonds, Series 2006 A, of the Issuer (the "Bonds" or the "Series 2006 A Bonds"), in an aggregate principal amount of not more than $300,000, all in accordance with Chapter 16,

Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution, it is provided that the date, the maturity date, interest rate 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 Bonds are proposed to be purchased by Branch Banking and Trust Company, Charleston, West Virginia (the "Purchaser"), pursuant to the terms of the commitment letter dated June 8, 2006, a copy of which is attached hereto and made a part hereof (the "Commitment Letter"); and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the date, the maturity date, the interest rate 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 GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there is hereby authorized and ordered to be issued the Water Refunding Bonds, Series 2006 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $238,197. The Series 2006 A Bonds shall be dated June 29, 2006, shall mature on June 29, 2017 and shall bear interest as follows:

A. Interest on the Bonds shall be payable at a rate of 4.76% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days, and the actual number of days in a month (actual number of days divided by 360) payable for the actual number of days elapsed during any portion of a month.

B. Notwithstanding any other provision herein, in the event the interest on the Bonds is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on the Bonds shall be payable at a rate of 7.63% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on the Bonds is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on the Bonds are paid, notwithstanding that the entire principal amount of the Bonds

may have been paid in full prior to the Determination of Taxability. Any interest being past due on the Bonds by reason of such increase shall become immediately due and payable.

C. The Bond shall be payable in 132 monthly installments, commencing July 29, 2006, and continuing on the 29th day of each month thereafter to and including June 29, 2017. The monthly installments shall consist of principal and interest shall be as listed on the debt service schedule attached hereto as Exhibit A.

D. All payments received by the Paying Agent on account of this Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of this Bond. If not sooner paid, the entire principal amount of this Bond unpaid on June 29, 2017, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

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 approve the terms of the Commitment Letter, including specifically the 1/2% fee charged by the Purchaser to issue the Bonds and the 1% prepayment premium should the Bonds be prepaid prior to maturity.

Section 4. The Bonds shall be sold to Branch Banking and Trust Company, Charleston, West Virginia, and shall be registered in the name of such bank. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 5. The Issuer does hereby appoint and designate Branch Banking and Trust Company, Charleston, West Virginia, the Registrar and the Paying Agent for the Bonds.

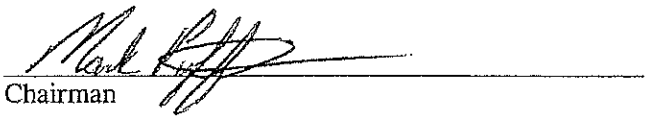
Section 6. The Issuer hereby designates the Bonds as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Section 7. The Chairman and Secretary are hereby authorized and directed to execute and deliver the Bonds and such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Purchaser on or about June 29, 2006.

Section 8. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 28th day of June, 2006.

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Green Spring Valley Public Service District on the 28th day of June, 2006.

Date: June 29, 2006.

[SEAL]

Roger D. Williams
Secretary

06/23/006
354410.00002

EXHIBIT A

Debt Service Schedule

Green Spring Valley Public Service District
Refinance GMAC Series 1983 and 1985

Compound Period: Monthly

Nominal Annual Rate: 4.760 %

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	06/29/2006	238,197.00	1		
2	Payment	07/29/2006	1,690.00	48	Monthly	06/29/2010
3	Payment	07/29/2010	2,967.00	12	Monthly	06/29/2011
4	Payment	07/29/2011	2,753.64	72	Monthly	06/29/2017

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	06/29/2006				238,197.00
1	07/29/2006	1,690.00	944.85	745.15	237,451.85
2	08/29/2006	1,690.00	941.89	748.11	236,703.74
3	09/29/2006	1,690.00	938.92	751.08	235,952.66
4	10/29/2006	1,690.00	935.95	754.05	235,198.61
5	11/29/2006	1,690.00	932.95	757.05	234,441.56
6	12/29/2006	1,690.00	929.95	760.05	233,681.51
2006 Totals		10,140.00	5,624.51	4,515.49	
7	01/29/2007	1,690.00	926.94	763.06	232,918.45
8	02/28/2007	1,690.00	923.91	766.09	232,152.36
9	03/29/2007	1,690.00	920.87	769.13	231,383.23
10	04/29/2007	1,690.00	917.82	772.18	230,611.05
11	05/29/2007	1,690.00	914.76	775.24	229,835.81
12	06/29/2007	1,690.00	911.68	778.32	229,057.49
13	07/29/2007	1,690.00	908.59	781.41	228,276.08
14	08/29/2007	1,690.00	905.50	784.50	227,491.58
15	09/29/2007	1,690.00	902.38	787.62	226,703.96
16	10/29/2007	1,690.00	899.26	790.74	225,913.22
17	11/29/2007	1,690.00	896.12	793.88	225,119.34
18	12/29/2007	1,690.00	892.97	797.03	224,322.31
2007 Totals		20,280.00	10,920.80	9,359.20	
19	01/29/2008	1,690.00	889.81	800.19	223,522.12
20	02/29/2008	1,690.00	886.64	803.36	222,718.76
21	03/29/2008	1,690.00	883.45	806.55	221,912.21
22	04/29/2008	1,690.00	880.25	809.75	221,102.46
23	05/29/2008	1,690.00	877.04	812.96	220,289.50
24	06/29/2008	1,690.00	873.82	816.18	219,473.32

25	07/29/2008	1,690.00	870.58	819.42	218,653.90
26	08/29/2008	1,690.00	867.33	822.67	217,831.23
27	09/29/2008	1,690.00	864.06	825.94	217,005.29
28	10/29/2008	1,690.00	860.79	829.21	216,176.08
29	11/29/2008	1,690.00	857.50	832.50	215,343.58
30	12/29/2008	1,690.00	854.20	835.80	214,507.78
2008 Totals		20,280.00	10,465.47	9,814.53	
31	01/29/2009	1,690.00	850.88	839.12	213,668.66
32	02/28/2009	1,690.00	847.55	842.45	212,826.21
33	03/29/2009	1,690.00	844.21	845.79	211,980.42
34	04/29/2009	1,690.00	840.86	849.14	211,131.28
35	05/29/2009	1,690.00	837.49	852.51	210,278.77
36	06/29/2009	1,690.00	834.11	855.89	209,422.88
37	07/29/2009	1,690.00	830.71	859.29	208,563.59
38	08/29/2009	1,690.00	827.30	862.70	207,700.89
39	09/29/2009	1,690.00	823.88	866.12	206,834.77
40	10/29/2009	1,690.00	820.44	869.56	205,965.21
41	11/29/2009	1,690.00	817.00	873.00	205,092.21
42	12/29/2009	1,690.00	813.53	876.47	204,215.74
2009 Totals		20,280.00	9,987.96	10,292.04	
43	01/29/2010	1,690.00	810.06	879.94	203,335.80
44	02/28/2010	1,690.00	806.57	883.43	202,452.37
45	03/29/2010	1,690.00	803.06	886.94	201,565.43
46	04/29/2010	1,690.00	799.54	890.46	200,674.97
47	05/29/2010	1,690.00	796.01	893.99	199,780.98
48	06/29/2010	1,690.00	792.46	897.54	198,883.44
49	07/29/2010	2,967.00	788.90	2,178.10	196,705.34
50	08/29/2010	2,967.00	780.26	2,186.74	194,518.60
51	09/29/2010	2,967.00	771.59	2,195.41	192,323.19
52	10/29/2010	2,967.00	762.88	2,204.12	190,119.07
53	11/29/2010	2,967.00	754.14	2,212.86	187,906.21
54	12/29/2010	2,967.00	745.36	2,221.64	185,684.57
2010 Totals		27,942.00	9,410.83	18,531.17	
55	01/29/2011	2,967.00	736.55	2,230.45	183,454.12
56	02/28/2011	2,967.00	727.70	2,239.30	181,214.82
57	03/29/2011	2,967.00	718.82	2,248.18	178,966.64
58	04/29/2011	2,967.00	709.90	2,257.10	176,709.54
59	05/29/2011	2,967.00	700.95	2,266.05	174,443.49
60	06/29/2011	2,967.00	691.96	2,275.04	172,168.45
61	07/29/2011	2,753.64	682.93	2,070.71	170,097.74
62	08/29/2011	2,753.64	674.72	2,078.92	168,018.82
63	09/29/2011	2,753.64	666.47	2,087.17	165,931.65
64	10/29/2011	2,753.64	658.20	2,095.44	163,836.21
65	11/29/2011	2,753.64	649.88	2,103.76	161,732.45
66	12/29/2011	2,753.64	641.54	2,112.10	159,620.35
2011 Totals		34,323.84	8,259.62	26,064.22	

67	01/29/2012	2,753.64	633.16	2,120.48	157,499.87
68	02/29/2012	2,753.64	624.75	2,128.89	155,370.98
69	03/29/2012	2,753.64	616.30	2,137.34	153,233.64
70	04/29/2012	2,753.64	607.83	2,145.81	151,087.83
71	05/29/2012	2,753.64	599.32	2,154.32	148,933.51
72	06/29/2012	2,753.64	590.77	2,162.87	146,770.64
73	07/29/2012	2,753.64	582.19	2,171.45	144,599.19
74	08/29/2012	2,753.64	573.58	2,180.06	142,419.13
75	09/29/2012	2,753.64	564.93	2,188.71	140,230.42
76	10/29/2012	2,753.64	556.25	2,197.39	138,033.03
77	11/29/2012	2,753.64	547.53	2,206.11	135,826.92
78	12/29/2012	2,753.64	538.78	2,214.86	133,612.06
2012 Totals		33,043.68	7,035.39	26,008.29	
79	01/29/2013	2,753.64	529.99	2,223.65	131,388.41
80	02/28/2013	2,753.64	521.17	2,232.47	129,155.94
81	03/29/2013	2,753.64	512.32	2,241.32	126,914.62
82	04/29/2013	2,753.64	503.43	2,250.21	124,664.41
83	05/29/2013	2,753.64	494.50	2,259.14	122,405.27
84	06/29/2013	2,753.64	485.54	2,268.10	120,137.17
85	07/29/2013	2,753.64	476.54	2,277.10	117,860.07
86	08/29/2013	2,753.64	467.51	2,286.13	115,573.94
87	09/29/2013	2,753.64	458.44	2,295.20	113,278.74
88	10/29/2013	2,753.64	449.34	2,304.30	110,974.44
89	11/29/2013	2,753.64	440.20	2,313.44	108,661.00
90	12/29/2013	2,753.64	431.02	2,322.62	106,338.38
2013 Totals		33,043.68	5,770.00	27,273.68	
91	01/29/2014	2,753.64	421.81	2,331.83	104,006.55
92	02/28/2014	2,753.64	412.56	2,341.08	101,665.47
93	03/29/2014	2,753.64	403.27	2,350.37	99,315.10
94	04/29/2014	2,753.64	393.95	2,359.69	96,955.41
95	05/29/2014	2,753.64	384.59	2,369.05	94,586.36
96	06/29/2014	2,753.64	375.19	2,378.45	92,207.91
97	07/29/2014	2,753.64	365.76	2,387.88	89,820.03
98	08/29/2014	2,753.64	356.29	2,397.35	87,422.68
99	09/29/2014	2,753.64	346.78	2,406.86	85,015.82
100	10/29/2014	2,753.64	337.23	2,416.41	82,599.41
101	11/29/2014	2,753.64	327.64	2,426.00	80,173.41
102	12/29/2014	2,753.64	318.02	2,435.62	77,737.79
2014 Totals		33,043.68	4,443.09	28,600.59	
103	01/29/2015	2,753.64	308.36	2,445.28	75,292.51
104	02/28/2015	2,753.64	298.66	2,454.98	72,837.53
105	03/29/2015	2,753.64	288.92	2,464.72	70,372.81
106	04/29/2015	2,753.64	279.15	2,474.49	67,898.32
107	05/29/2015	2,753.64	269.33	2,484.31	65,414.01
108	06/29/2015	2,753.64	259.48	2,494.16	62,919.85
109	07/29/2015	2,753.64	249.58	2,504.06	60,415.79
110	08/29/2015	2,753.64	239.65	2,513.99	57,901.80

111	09/29/2015	2,753.64	229.68	2,523.96	55,377.84
112	10/29/2015	2,753.64	219.67	2,533.97	52,843.87
113	11/29/2015	2,753.64	209.61	2,544.03	50,299.84
114	12/29/2015	2,753.64	199.52	2,554.12	47,745.72
2015 Totals		33,043.68	3,051.61	29,992.07	
115	01/29/2016	2,753.64	189.39	2,564.25	45,181.47
116	02/29/2016	2,753.64	179.22	2,574.42	42,607.05
117	03/29/2016	2,753.64	169.01	2,584.63	40,022.42
118	04/29/2016	2,753.64	158.76	2,594.88	37,427.54
119	05/29/2016	2,753.64	148.46	2,605.18	34,822.36
120	06/29/2016	2,753.64	138.13	2,615.51	32,206.85
121	07/29/2016	2,753.64	127.75	2,625.89	29,580.96
122	08/29/2016	2,753.64	117.34	2,636.30	26,944.66
123	09/29/2016	2,753.64	106.88	2,646.76	24,297.90
124	10/29/2016	2,753.64	96.38	2,657.26	21,640.64
125	11/29/2016	2,753.64	85.84	2,667.80	18,972.84
126	12/29/2016	2,753.64	75.26	2,678.38	16,294.46
2016 Totals		33,043.68	1,592.42	31,451.26	
127	01/29/2017	2,753.64	64.63	2,689.01	13,605.45
128	02/28/2017	2,753.64	53.97	2,699.67	10,905.78
129	03/29/2017	2,753.64	43.26	2,710.38	8,195.40
130	04/29/2017	2,753.64	32.51	2,721.13	5,474.27
131	05/29/2017	2,753.64	21.71	2,731.93	2,742.34
132	06/29/2017	2,753.64	11.30	2,742.34	0.00
2017 Totals		16,521.84	227.38	16,294.46	
Grand Totals		314,986.08	76,789.08	238,197.00	

Last interest amount increased by 0.42 due to rounding.

SPECIMEN

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT
WATER REFUNDING BONDS, SERIES 2006 A

No. R-1 $238,197

KNOW ALL MEN BY THESE PRESENTS: That on this the 29th day of June, 2006, GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT, a 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 order of

- BRANCH BANKING AND TRUST COMPANY -

or registered assigns (the "Payee"), the principal sum of TWO HUNDRED THIRTY-EIGHT THOUSAND ONE HUNDRED NINETY-SEVEN DOLLARS ($238,197), plus interest as follows:

A. Interest on this Bond shall be payable at a rate of 4.76% per annum (hereinafter sometimes called the "Tax-Exempt Rate"). Interest shall be computed on the basis of a year of 360 days, and the actual number of days in a month (actual number of days divided by 360) payable for the actual number of days elapsed during any portion of a month.

B. Notwithstanding any other provision herein, in the event the interest on this Bond is declared to be includible in gross income for federal income tax purposes by the Internal Revenue Service ("Determination of Taxability"), interest on this Bond shall be payable at a rate of 7.63% per annum (hereinafter sometimes called the "Taxable Rate"). Interest at the Taxable Rate shall commence to accrue on the date of Determination of Taxability and such interest rate shall be charged retroactively and prospectively for all periods in which interest paid on this Bond is asserted, declared or determined to be includible in gross income for federal income tax purposes, and shall continue until the entire principal of and interest on this Bond are paid, notwithstanding that the entire principal amount of this Bond may have been paid in full prior to the Determination of Taxability. Any interest being past due on this Bond by reason of such increase shall become immediately due and payable.

C. This Bond shall be payable in 132 installments commencing on the 29th day of July, 2006, and on the 29th day of each month thereafter, to and including June 29, 2017. The monthly installments shall consist of principal and interest as set forth on Exhibit A attached hereto and incorporated herein.

D. All payments received by the Paying Agent on account of the Bond shall be applied first to payment of interest accrued on the Bond and next to payment of principal of the Bond. If not sooner paid, the entire principal amount of this Bond unpaid on June 29, 2017, together with all accrued interest and any other sums due and owing upon this Bond shall be due and payable on such date.

The principal of and interest on this Bond 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 Branch Banking and Trust Company, Charleston, West Virginia, as Bond Registrar and Paying Agent.

This Bond is subject to prepayment of the principal balance in whole on a scheduled payment date with a 1% prepayment premium.

This Bond is issued to (i) refund the Issuer's Water Revenue Bonds, Series 1983 and Series 1985 (GMAC), and (ii) to pay costs of issuance and related costs. The existing public waterworks facilities of the Issuer, and any further additions, improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution duly adopted by the Issuer on June 28, 2005, and a Supplemental Resolution, duly adopted by the Issuer on June 28, 2006 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof.

The principal of and interest on this Bond is payable only from and secured by a pledge of the Net Revenues to be derived from the operation of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's Water System Note, Series 1970 (United States Department of Agriculture), dated October 23, 1970, issued in the original aggregate principal amount of $93,000 (the "Series 1970 Bonds") and the Water System Note, Series 1989 A (United States Department of Agriculture), dated September 22, 1989, issued in the original aggregate principal amount of $260,000 (the "Series 1989 A Bonds"), collectively referred to herein as the "Prior Bonds".

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 the source set forth above. Under the Bond Legislation, the Issuer has entered into certain covenants with the Payee, for

the terms of which reference is made to said Bond Legislation. Remedies provided the Payee 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 Bond 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 Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

Subject to such registration requirements, 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.

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

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

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

This Bond shall not be valid or obligatory unless authenticated and registered by the Registrar by the execution of the Registrar's Certificate of Authentication and Registration attached hereto and incorporated herein.

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

GREEN SPRING VALLEY PUBLIC SERVICE DISTRICT

[SEAL]

By: _____
Its: Chairman

SPECIMEN

ATTEST:

_____
Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is to certify that this Bond is described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: June 29, 2006

BRANCH BANKING AND TRUST COMPANY,
as Registrar

By: _____
Its Authorized Officer

SPECIMEN

Green Spring Valley Public Service District
Refinance GMAC Series 1983 and 1985

EXHIBIT A

Compound Period: Monthly

Nominal Annual Rate: 4.760 %

CASH FLOW DATA

	Event	Date	Amount	Number	Period	End Date
1	Loan	06/29/2006	238,197.00	1		
2	Payment	07/29/2006	1,690.00	48	Monthly	06/29/2010
3	Payment	07/29/2010	2,967.00	12	Monthly	06/29/2011
4	Payment	07/29/2011	2,753.64	72	Monthly	06/29/2017

AMORTIZATION SCHEDULE - Normal Amortization

	Date	Payment	Interest	Principal	Balance
Loan	06/29/2006				238,197.00
1	07/29/2006	1,690.00	944.85	745.15	237,451.85
2	08/29/2006	1,690.00	941.89	748.11	236,703.74
3	09/29/2006	1,690.00	938.92	751.08	235,952.66
4	10/29/2006	1,690.00	935.95	754.05	235,198.61
5	11/29/2006	1,690.00	932.95	757.05	234,441.56
6	12/29/2006	1,690.00	929.95	760.05	233,681.51
2006 Totals		10,140.00	5,624.51	4,515.49	
7	01/29/2007	1,690.00	926.94	763.06	232,918.45
8	02/28/2007	1,690.00	923.91	766.09	232,152.36
9	03/29/2007	1,690.00	920.87	769.13	231,383.23
10	04/29/2007	1,690.00	917.82	772.18	230,611.05
11	05/29/2007	1,690.00	914.76	775.24	229,835.81
12	06/29/2007	1,690.00	911.68	778.32	229,057.49
13	07/29/2007	1,690.00	908.59	781.41	228,276.08
14	08/29/2007	1,690.00	905.50	784.50	227,491.58
15	09/29/2007	1,690.00	902.38	787.62	226,703.96
16	10/29/2007	1,690.00	899.26	790.74	225,913.22
17	11/29/2007	1,690.00	896.12	793.88	225,119.34
18	12/29/2007	1,690.00	892.97	797.03	224,322.31
2007 Totals		20,280.00	10,920.80	9,359.20	
19	01/29/2008	1,690.00	889.81	800.19	223,522.12
20	02/29/2008	1,690.00	886.64	803.36	222,718.76
21	03/29/2008	1,690.00	883.45	806.55	221,912.21
22	04/29/2008	1,690.00	880.25	809.75	221,102.46
23	05/29/2008	1,690.00	877.04	812.96	220,289.50
24	06/29/2008	1,690.00	873.82	816.18	219,473.32

25	07/29/2008	1,690.00	870.58	819.42	218,653.90
26	08/29/2008	1,690.00	867.33	822.67	217,831.23
27	09/29/2008	1,690.00	864.06	825.94	217,005.29
28	10/29/2008	1,690.00	860.79	829.21	216,176.08
29	11/29/2008	1,690.00	857.50	832.50	215,343.58
30	12/29/2008	1,690.00	854.20	835.80	214,507.78
2008 Totals		20,280.00	10,465.47	9,814.53	
31	01/29/2009	1,690.00	850.88	839.12	213,668.66
32	02/28/2009	1,690.00	847.55	842.45	212,826.21
33	03/29/2009	1,690.00	844.21	845.79	211,980.42
34	04/29/2009	1,690.00	840.86	849.14	211,131.28
35	05/29/2009	1,690.00	837.49	852.51	210,278.77
36	06/29/2009	1,690.00	834.11	855.89	209,422.88
37	07/29/2009	1,690.00	830.71	859.29	208,563.59
38	08/29/2009	1,690.00	827.30	862.70	207,700.89
39	09/29/2009	1,690.00	823.88	866.12	206,834.77
40	10/29/2009	1,690.00	820.44	869.56	205,965.21
41	11/29/2009	1,690.00	817.00	873.00	205,092.21
42	12/29/2009	1,690.00	813.53	876.47	204,215.74
2009 Totals		20,280.00	9,987.96	10,292.04	
43	01/29/2010	1,690.00	810.06	879.94	203,335.80
44	02/28/2010	1,690.00	806.57	883.43	202,452.37
45	03/29/2010	1,690.00	803.06	886.94	201,565.43
46	04/29/2010	1,690.00	799.54	890.46	200,674.97
47	05/29/2010	1,690.00	796.01	893.99	199,780.98
48	06/29/2010	1,690.00	792.46	897.54	198,883.44
49	07/29/2010	2,967.00	788.90	2,178.10	196,705.34
50	08/29/2010	2,967.00	780.26	2,186.74	194,518.60
51	09/29/2010	2,967.00	771.59	2,195.41	192,323.19
52	10/29/2010	2,967.00	762.88	2,204.12	190,119.07
53	11/29/2010	2,967.00	754.14	2,212.86	187,906.21
54	12/29/2010	2,967.00	745.36	2,221.64	185,684.57
2010 Totals		27,942.00	9,410.83	18,531.17	
55	01/29/2011	2,967.00	736.55	2,230.45	183,454.12
56	02/28/2011	2,967.00	727.70	2,239.30	181,214.82
57	03/29/2011	2,967.00	718.82	2,248.18	178,966.64
58	04/29/2011	2,967.00	709.90	2,257.10	176,709.54
59	05/29/2011	2,967.00	700.95	2,266.05	174,443.49
60	06/29/2011	2,967.00	691.96	2,275.04	172,168.45
61	07/29/2011	2,753.64	682.93	2,070.71	170,097.74
62	08/29/2011	2,753.64	674.72	2,078.92	168,018.82
63	09/29/2011	2,753.64	666.47	2,087.17	165,931.65
64	10/29/2011	2,753.64	658.20	2,095.44	163,836.21
65	11/29/2011	2,753.64	649.88	2,103.76	161,732.45
66	12/29/2011	2,753.64	641.54	2,112.10	159,620.35
2011 Totals		34,323.84	8,259.62	26,064.22	

67	01/29/2012	2,753.64	633.16	2,120.48	157,499.87
68	02/29/2012	2,753.64	624.75	2,128.89	155,370.98
69	03/29/2012	2,753.64	616.30	2,137.34	153,233.64
70	04/29/2012	2,753.64	607.83	2,145.81	151,087.83
71	05/29/2012	2,753.64	599.32	2,154.32	148,933.51
72	06/29/2012	2,753.64	590.77	2,162.87	146,770.64
73	07/29/2012	2,753.64	582.19	2,171.45	144,599.19
74	08/29/2012	2,753.64	573.58	2,180.06	142,419.13
75	09/29/2012	2,753.64	564.93	2,188.71	140,230.42
76	10/29/2012	2,753.64	556.25	2,197.39	138,033.03
77	11/29/2012	2,753.64	547.53	2,206.11	135,826.92
78	12/29/2012	2,753.64	538.78	2,214.86	133,612.06
2012 Totals		33,043.68	7,035.39	26,008.29	
79	01/29/2013	2,753.64	529.99	2,223.65	131,388.41
80	02/28/2013	2,753.64	521.17	2,232.47	129,155.94
81	03/29/2013	2,753.64	512.32	2,241.32	126,914.62
82	04/29/2013	2,753.64	503.43	2,250.21	124,664.41
83	05/29/2013	2,753.64	494.50	2,259.14	122,405.27
84	06/29/2013	2,753.64	485.54	2,268.10	120,137.17
85	07/29/2013	2,753.64	476.54	2,277.10	117,860.07
86	08/29/2013	2,753.64	467.51	2,286.13	115,573.94
87	09/29/2013	2,753.64	458.44	2,295.20	113,278.74
88	10/29/2013	2,753.64	449.34	2,304.30	110,974.44
89	11/29/2013	2,753.64	440.20	2,313.44	108,661.00
90	12/29/2013	2,753.64	431.02	2,322.62	106,338.38
2013 Totals		33,043.68	5,770.00	27,273.68	
91	01/29/2014	2,753.64	421.81	2,331.83	104,006.55
92	02/28/2014	2,753.64	412.56	2,341.08	101,665.47
93	03/29/2014	2,753.64	403.27	2,350.37	99,315.10
94	04/29/2014	2,753.64	393.95	2,359.69	96,955.41
95	05/29/2014	2,753.64	384.59	2,369.05	94,586.36
96	06/29/2014	2,753.64	375.19	2,378.45	92,207.91
97	07/29/2014	2,753.64	365.76	2,387.88	89,820.03
98	08/29/2014	2,753.64	356.29	2,397.35	87,422.68
99	09/29/2014	2,753.64	346.78	2,406.86	85,015.82
100	10/29/2014	2,753.64	337.23	2,416.41	82,599.41
101	11/29/2014	2,753.64	327.64	2,426.00	80,173.41
102	12/29/2014	2,753.64	318.02	2,435.62	77,737.79
2014 Totals		33,043.68	4,443.09	28,600.59	
103	01/29/2015	2,753.64	308.36	2,445.28	75,292.51
104	02/28/2015	2,753.64	298.66	2,454.98	72,837.53
105	03/29/2015	2,753.64	288.92	2,464.72	70,372.81
106	04/29/2015	2,753.64	279.15	2,474.49	67,898.32
107	05/29/2015	2,753.64	269.33	2,484.31	65,414.01
108	06/29/2015	2,753.64	259.48	2,494.16	62,919.85
109	07/29/2015	2,753.64	249.58	2,504.06	60,415.79
110	08/29/2015	2,753.64	239.65	2,513.99	57,901.80

111	09/29/2015	2,753.64	229.68	2,523.96	55,377.84
112	10/29/2015	2,753.64	219.67	2,533.97	52,843.87
113	11/29/2015	2,753.64	209.61	2,544.03	50,299.84
114	12/29/2015	2,753.64	199.52	2,554.12	47,745.72
2015 Totals		33,043.68	3,051.61	29,992.07	
115	01/29/2016	2,753.64	189.39	2,564.25	45,181.47
116	02/29/2016	2,753.64	179.22	2,574.42	42,607.05
117	03/29/2016	2,753.64	169.01	2,584.63	40,022.42
118	04/29/2016	2,753.64	158.76	2,594.88	37,427.54
119	05/29/2016	2,753.64	148.46	2,605.18	34,822.36
120	06/29/2016	2,753.64	138.13	2,615.51	32,206.85
121	07/29/2016	2,753.64	127.75	2,625.89	29,580.96
122	08/29/2016	2,753.64	117.34	2,636.30	26,944.66
123	09/29/2016	2,753.64	106.88	2,646.76	24,297.90
124	10/29/2016	2,753.64	96.38	2,657.26	21,640.64
125	11/29/2016	2,753.64	85.84	2,667.80	18,972.84
126	12/29/2016	2,753.64	75.26	2,678.38	16,294.46
2016 Totals		33,043.68	1,592.42	31,451.26	
127	01/29/2017	2,753.64	64.63	2,689.01	13,605.45
128	02/28/2017	2,753.64	53.97	2,699.67	10,905.78
129	03/29/2017	2,753.64	43.26	2,710.38	8,195.40
130	04/29/2017	2,753.64	32.51	2,721.13	5,474.27
131	05/29/2017	2,753.64	21.71	2,731.93	2,742.34
132	06/29/2017	2,753.64	11.30	2,742.34	0.00
2017 Totals		16,521.84	227.38	16,294.46	
Grand Totals		314,986.08	76,789.08	238,197.00	

Last interest amount increased by 0.42 due to rounding..

USDA-FmHA
Form FmHA 440-22
(Rev. 8-9-83)

PROMISSORY NOTE
(ASSOCIATION OR ORGANIZATION)

State	
West Virginia	
County	
Hampshire	
Case No.	
57-014-0000327325	
FINANCE OFFICE USE ONLY	
F	LN / LC / IA

KIND OF LOAN:
- ☒ ASSOCIATION - ORGANIZATION
- ☐ HOUSING - ORGANIZATION
- ☐ PUBLIC BODY
- ☐ OTHER

9/-02

COPY

Date September 22, 1989

FOR VALUE RECEIVED, Springfield Water Association, Inc. (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (herein called the "Government") at its office in Elkins, West Virginia, or at such other place as the Government may hereafter designate in writing, the principal amount of TWO HUNDRED SIXTY THOUSAND ---------- dollars ($ 260,000.00-------), plus interest on the unpaid principal balance at the rate of FIVE percent (05.0000 %) per annum. The said principal and interest shall be paid in the following installments on or before the following dates:

$ Interest Only on September 22, 19 90,
$ Interest Only on September 22, 19 91,
$ XXXXXXXXXXXX on XXXXXXXXXXXXXXXX, 19 XX,
$ 1,277.00 on October 22, 19 91, and
$ 1,277.00 thereafter on the 22 of each Month

until the principal and interest are fully paid except that the final installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable Forty (40) years from the date of this note, and except that prepayments may be made as provided below. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

If the Government at any time assigns this note and insures the payment thereof, Borrower shall continue to make payments to the Government as collection agent for the holder. No assignment of this note shall be effective unless the Borrower is notified in writing of the name and address of the assignee. The Borrower shall thereupon duly note in its records the occurrence of such assignment, together with the name and address of the assignee.

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

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

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

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

Default hereunder shall constitute default under any other instrument evidencing a debt or other obligation of Borrower to the Government or securing such a debt or other obligation and default under any such other instrument shall constitute default hereunder. Upon any such default, the Government at its option may declare all or any part of any such indebtedness immediately due and payable.

This note is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farm and Rural Development Act if the box opposite "Association" is checked under the heading "KIND OF LOAN," or pursuant to Title V of the Housing Act of 1949 if the box opposite "HOUSING - ORGANIZATION" is checked. This note shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

Presentment, protest, and notice are hereby waived.

SPRINGFIELD WATER ASSOCIATION, INC.
(Name of Borrower)

(CORPORATE SEAL)

James E. Mills
(Signature of Executive Official)

James E. Mills
President
(Title of Executive Official)

ATTEST:

Wm T. Milleson
(Signature of Attesting Official)

William T. Milleson
Secretary
(Title of Attesting Official)

(Post Office Box No. or Street Address)

Springfield, West Virginia 26763
(City, State, and Zip Code)

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) 30,000.00	09-22-89	(6) $ 17,000.00	03- 13 -90
(2) $ 44,000.00	10- 25 -89	(7) $	
(3) $ 77,000.00	11-13 -89	(8) $	
(4) $ 63,000.00	12-11-89	(9) $	
(5) $ 29,000.00	02-12-90	(10) $	
	TOTAL	$260,000.00	

PAY TO THE ORDER OF _____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

BY _____

☆U.S.GPO:1983-0-664-007/6531

USDA-FmHA
Form FmHA 1942-9
(Rev. 2/87)

Position 5

FORM APPROVED
OMB NO. 0575-0015

LOAN RESOLUTION SECURITY AGREEMENT

COPY

A RESOLUTION OF THE Directors

OF THE Springfield Water Association, Inc.
AUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS IN THE

PRINCIPAL AMOUNT OF $260,000.00 FOR THE PURPOSE

OF PROVIDING A PORTION OF THE COST OF ACQUIRING AND CONSTRUCTING A

water system improvement, PROVIDING FOR THE COLLECTION, HANDLING, AND DISPOSITION OF REVENUES THEREFROM, AND AUTHORIZING MAKINGS OF PROMISSORY NOTE(S), SECURITY INSTRUMENTS, AND PLEDGES OF REVENUES TO EVIDENCE AND SECURE THE PAYMENT OF SAID INDEBTEDNESS AND FOR RELATED PURPOSES.

WHEREAS, the Springfield Water Association, Inc., (hereinafter referred to as the "Organization"), was organized under Article 1, Chapter 31 of the Code of West Virginia for the purpose of providing a water system improvement to serve its customers.

(hereinafter referred to as the "Facility") to serve the Members of the said Organization; and

WHEREAS, a meeting of the members of the said organization was held on the 29 day of February pursuant to proper notice thereof to consider plans for the acquisition and construction methods of financing the Facility: and, as shown by the minutes of said meeting, of the 152 members of record of the organization there was present and voting 52, and by a recorded majority vote, the Facility and its financing authorized; and,

WHEREAS, the proposed Facility is to be constructed and equipment in accordance with plans, and specifications prepared by Stultz and Associates, Romney, West Virginia

and in order to finance the Facility, the Directors (hereinafter referred to as the "Board") is authorized and empowered, in their discretion, for and in the name of the organization, to make application to the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (hereinafter referred to as the "Government"), for financial assistance; to cause the execution and delivery of a promissory note or notes or other evidence of indebtedness (hereinafter referred to as the "note"), and appropriate security instruments to secure any loan or loans made or insured by the Government; to comply with any requirements, terms or conditions prescribed by the Government or by Government regulations; and to execute contracts or enter into agreements and, without limitation, to take any and all other action as may be necessary, incidental or appropriate to finance, acquire, construct, complete, and/or equip the Facility for and on behalf of the Organization.
NOW THEREFORE, it is hereby resolved by the Board as follows:

Section 1. (Determination of Board). That it is necessary to defray a portion of the costs of financing the Facility by obtaining a loan made or insured by the Government in accordance with applicable provisions of the Consolidated Farm and Rural Development Act, it being determined that the Organization is unable to obtain sufficient credit elsewhere to finance the Facility, taking into consideration prevailing private and cooperative rates and terms currently available;

The agreement to provide the information collected through the loan resolution is required to obtain FmHA loan/grant assistance and the information so collected is used to determine compliance with the covenants of this resolution and applicable FmHA regulations.

Section 2. (Terms of Loan). That the Organization borrow $ 260,000.00 and issue as evidence thereof an installment promissory note in the form prescribed by the Government for the full principal amount of the loan. The note shall be signed by the President, attested by the Secretary and have the corporate seal of the Organization affixed therefore, and shall bear interest from its date, which shall be the date of delivery, at a rate not to exceed 5 percent per annum; the principal and interest shall be paid over a period of 40 years in accordance with the payment schedule set forth in the promissory note, until the principal and interest are fully paid except the final payment of the entire indebtedness, if not sooner paid, shall be due and payable 40 years from the date of the note. Each payment shall be applied first to the payment of the accrued interest and second to the payment of the principal. Prepayments of any installment may be made in any amount at any time at the option of the Organization.

Section 3. (Assignment and Pledge of Revenue). The indebtedness hereby authorized to be incurred, together with the interest thereon, shall be payable from the gross income and revenue to be derived from the operation of the Facility, a sufficient portion of which, to pay the principal and interest as and when the same shall be come due, is hereby assigned and pledged and shall be set aside for that purpose and this assignment and pledge shall extend to and include any assessments that may be levied pursuant to Section 5 (d) hereof.

Section 4. (Protection and Disposition of Funds). The Treasurer of the Organization shall be the custodian of all funds of the Organization. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.

The Springfield Water Association, Inc. shall obtain a fidelity bond in an amount not less than
(Name of Borrower)
$ 30,000.00 with a surety company approved by the Government and unless prohibited by State law the "United States of America" shall be named as a co-obligee in such bond and the amount thereof shall not be reduced without the prior written consent of the Government. The Treasurer is hereby directed to established the following accounts into which the current funds of the Organization, note proceeds, the revenues from the Facility and any other income shall be deposited, which accounts shall be continually maintained, except as otherwise provided, so long as the indebtedness hereby authorized remains unpaid:

(a) Construction Account.

The proceeds of the borrowing hereby authorized not disbursed contemporaneously with loan closing for incurred Facility costs, and at least the amount of $ None to be contributed by the Organization from the collection of initial connection fees, membership fees or contributions shall be deposited in the Construction Account which shall be established as required by the Government. Withdrawals from the construction account shall be made only on checks signed by the Treasurer of the Organization as authorized by the Board from time to time, and with prior concurrence of FmFA. At the option of the Government, the construction account may be established as a "supervised bank account". Amounts in the supervised bank account exceeding $100,000 shall be secured by the depository bank in advance in accordance with U.S. Treasury Department Circular No. 176. Withdrawals from a supervised bank account shall be made only on checks signed by the Treasurer of the Organization and countersigned by an authorized official of the Farmers Home Administration. The Organization's share of any insurance or liquidated damages and other monies paid by defaulting contractors or their sureties will be deposited in the Construction Account to assure completion of the Facility. When all construction costs have been paid in full, any balance remaining in the Construction Account may be applied on the loan or used for other authorized purposes that have been approved by the Government and the Constructon Account shall be closed.

(b) General Account

As soon as the facility becomes revenue producing, all funds received shall be set aside in an account to be designated as the General Account, and disbursements and transfers from this account shall be in the following priority: Debt Service, Operations and Maintenance, transfers to Reserve Account. Monies deposited in the General Account shall be used only in the manner and order as follows:

(1) Borrowers making monthly FmHA Debt Service Payments shall use the General Account for making such payments plus operating and maintenance expenses. Also, funds will be transferred from this account to the Reserve Account in accordance with (d) below.

(2) Borrowers making other than monthly FmHA Debt Service Payments shall use the General Account to pay first operating and maintenance expenses. Other transfers from this account will be made in the following order: (i) Transfers to the Debt Service Account will be made in accordance with (c) below. (ii) Transfers to the Reserve Account will be made in accordance with (d) below.

(c) Debt Service Account

For borrowers on other than monthly debt service payments, transfers, in proportion to income availability, shall be made from the General Account and set aside in an account designated as the Debt Service Account, in sufficient amounts which will accumulate for the next installment on the note.

(d) Reserve Account

From the remaining funds in the General Account, after transfers and payments required in (b) (1) or (b) (2) and (c), there shall be set aside into an account designated as the Reserve Account the sum of $ 128.00 each month until there is accumulated in that account the sum of $ 15,324.00 after which deposits may be suspended, except to replace withdrawals. When necessary, disbursements may be used for payments due on the note if sufficient funds are not available in the General or Debt Service Account. With the prior written approval of the Government, funds may be withdrawn for:

(1) paying the cost of repairing or replacing any damage to the Facility which may have been caused by catastrophe.

(2) making extensions or improvements to the Facility.

Whenever disbursements are made from the Reserve Account, monthly deposits shall then be resumed until there is again accumulated the amount $ 15,324.00, at which time deposits may be discontinued. Whenever there shall accumulate in the General Account, amounts in excess of those required in subsections (b)(1) and (2), (c),and (d), such excess will be used by the organization to make prepayments on the loan or retained in the general account. The accounts required in subsections (b) (1) and (2), (c) and (d) may be established and maintained as bookkeeping accounts or as separate bank accounts at the election of the organization, unless otherwise directed by the Government.

Section 5. (Other Covenants and Agreements of the Organization). The Organization covenants and agrees that so long as the indebtedness hereby authorized remains unpaid:

(a) It will indemnify the Government for any payments made or losses suffered by the Government.

(b) It will comply with applicable Statelaws and regulations and continually operate and maintain the Facility in good condition.

(c) It will impose and collect such rates and charges that gross revenues will be sufficient at all times to provide for the payment of the operation and maintenance thereof and the installment payments on the note and the maintenance of the various funds herein created. All service rendered by or use of the Facility shall be subject to the full rates prescribed in the rules and regulations of the Organization; no free service by or use of the Facility will be permitted.

(d) It will cause to be levied and collected such assessments as may be necessary to operate and maintain the Facility in good condition and meet installment payments on the note which the same become due if, for any reason, gross revenues are insufficient.

(e) It will establish and maintain such books and records relating to the operation of the system and its financial affairs and will provide for the annual audit thereof in such manner as may be required by the Government, will provide the Government without its request a copy of each such audit, and will make and forward to the Government such additional information and reports as it may from time to time require.

(f) It will provide the Government at all reasonable times, access to all books and records relating to the Facility and access to the property of the Facility so that the Government may ascertain that the Organization is complying with the provisions hereof and with the provisions of other instruments incident to the making or insuring of the loan.

(g) It will maintain at least such insurance coverage as may be required by the Government.

(h) It will not borrow any money from any source or enter into any contract or agreement or incur any other liabilities in connection with making extensions or improvements to the Facility, exclusive of normal maintenance, without obtaining the prior written consent of the Government.

(i) It will not cause or permit any voluntary dissolution of its organization, merge or consolidate with any other organization, without obtaining the prior written consent of the Government. It will not dispose of or transfer title to the facility or any part thereof, including lands and interest in lands by sale, security instrument, lease or other encumbrance, without obtaining the prior written consent of the Government. Revenue, in excess of the amount required to maintain the accounts described by Section 4 herein, will not be distributed or transferred to any other organization or legal entity.

(j) It will not modify or amend the Articles of Incorporation or the Bylaws of the Organization without the written consent of the Government.

(k) It will provide adequate service to all persons within the service area who can feasibly and legally be served and will obtain FmHA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the organization or public body.

(l) All present and future contract rights, accounts receivable, and general intangibles arising in connection with the facility are pledged as security for the loan.

Section 6. (Security Instruments). In order to secure the payment of the principal and interest of the note, the President and Secretary of the Organization are hereby authorized and directed to execute and deliver good and sufficient lien instruments, where necessary, encumbering the properties and assets both real and personal constituting said Facility, as completed or as the same may be thereafter extended, including an assignment and pledge of revenues and such other instruments as may be prescribed by the Government.

Section 7. (Refinancing). If at any time it shall appear to the Government that the Organization is able to refinance the amount of the indebtedness then outstanding, in whole or in part, by obtaining a loan for such purposes from responsible cooperative or private credit sources, at reasonable rates and terms for loans for similar purposes and periods of time, the Organization will, upon request of the Government, apply for and accept such loan in sufficient amount to repay the Government and will take all such actions as may be required in connection with such loan.

Section 8. ("Equal Employment Opportunity under Construction Contracts and Nondiscrimination"). The President and the Secretary be and they are hereby authorized and directed to execute for and on behalf of the Organization, Form FmHA 400-1, "Equal Opportunity Agreement", and Form FmHA 400-4, "Assurance Agreement".

Section 9. In the case of a grant in the sum not to exceed $ 180,000.00, the Organization hereby accepts the grant under the terms as offered by the Government and that the President and Board of the Organization are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant and the Organization hereby resolves to operate the facility under the terms as offered in said grant agreement(s).

Section 10. Default under the provisions of this agreement or any instrument incident to the making or issuing of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Organization, and default under any such instrument may be construed by the Government to constitute default hereunder.

Section 11. (Resolution a Contract). The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instruments, shall constitute a contract between the Organization and the Government so long as the note hereby authorized remains unpaid.

Section 12. This resolution shall take effect and be in force and after the 29th day of February, 19 88, being the date of its enactment.

The vote was: Yeas 4 Nays 0 Absent 1

SPRINGFIELD WATER ASSOCIATION, INC.

(SEAL) *(if applicable)*

By Roy Alkire
Roy Alkire

Attest: Wm. T. Milleson

Title President

Title Secretary

CERTIFICATION

I, the undersigned, as secretary of the Springfield Water Association, Inc.

hereby certify that the DIRECTORS of such Organization or Corporation is composed of 5

members of whom 4, constituting a quorum, were present at a meeting thereof duly called and held on the 29 day

of February, 19 88; that the foregoing resolution was adopted at such meeting by the vote shown above, and that said resolution has not been rescinded or amended in any way.

Dated, this 29 day of February, 19 88.

SPRINGFIELD WATER ASSOCIATION, INC.

Secretary of Wm. T. Milleson

RESOLUTION AMENDING FORM FmHA 1942-9

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SPRINGFIELD WATER ASSOCIATION, INC. AMENDING A RESOLUTION OF THE BOARD ADOPTED ON FORM FmHA 1942-9, AUTHORIZING THE PRESIDENT AND SECRETARY TO EXECUTE AND DELIVER A LOAN AGREEMENT AND OTHER LOAN INSTRUMENTS.

RESOLVED, that the resolution of this board adopted on February 29, 1988 on Form FmHA 1942-9 and executed as a security agreement be and it is hereby amended and modified in accordance with the provisions of the Loan Agreement presented to this meeting.

FURTHER RESOLVED, that the President and the Secretary be and they are hereby authorized to execute and deliver the Loan Agreement and the other loan instruments referred to therein, all in substantially the forms presented to this meeting, with such changes as they in their sole discretion may deem necessary or appropriate to carry out the purposes of this Resolution.

FURTHER RESOLVED, that the President and the Secretary be and they are hereby authorized to execute and deliver such other loan instruments, closing papers and representations on behalf of the Corporation, and to take all other actions which they jointly deem necessary or appropriate to carry out the provisions of this resolution and the transactions contemplated in the loan instruments referred to herein.

FINALLY RESOLVED, that all prior resolutions or parts thereof inconsistent herewith be and they are hereby repealed.

The vote was:

YEAS: 5

NAYS: 0

ABSENT: 0

CERTIFICATION

I, the undersigned, as Secretary of the Springfield Water Association, Inc., hereby certify that the Membership of the Corporation is composed of 5 members, of whom 5, constituting a quorum, were present at a meeting thereof duly called and held on the 29th day of February, 1988; that the foregoing resolution was adopted at such meeting by the vote shown above;

Dated, this 29th day of February, 1988.

Wm T. Wilson

Secretary of Springfield Water Association, Inc.

Position 5

USDA-FmHA
Form FmHA 1942-8
(Rev. 11-84)

FORM APPROVED
OMB NO. 0575-0015

RESOLUTION OF MEMBERS OR STOCKHOLDERS

Springfield Water Association, Inc.
(Name of Association)

COPY

Springfield, West Virginia 26763
(Address, including Zip Code)

RESOLVED, that the Governing Board of this Association be and it hereby is authorized and empowered to take all action necessary or appropriate --

1. To obtain for and on behalf of the Association through the Farmers Home Administration or any other Governmental agency:

(a) A loan in a sum not to exceed $ 260,000.00 ;

(b) A grant in a sum not to exceed $ 180,000.00 ;
to be advanced by the lender or grantor in one or more advances at such time or times as may be agreed upon.

2. In case of a loan or grant or both –
(a) For the execution of such application or applications (including exhibits, amendments and/or supplements thereto) as may be required;
(b) For the execution and delivery to the lender or grantor of all such written instruments as may be required in regard to or as evidence of such loan or grant; and
(c) In its judgment to carry out the terms of this resolution.

3. And in case of a loan –
(a) To obligate this Association for the repayment of the loan at such rates of interest and on such other terms and conditions as the Governing Board shall deem proper;
(b) To pledge, hypothecate, mortgage, convey, or assign property of this Association of any kind and in any amount now owned or hereafter acquired, as security for any or all obligations (past, present and/or future) of this Association to such lender; and
(c) From time to time to pay, extend, or renew any such obligations.

CERTIFICATION

I, the undersigned, as Secretary *(Secretary) (Acting Secretary)* of the above named Association, hereby certify that said Association on the 29 day of February, 19 88, had 152 *(Number)* Members *(members) (stockholders) or (shares of voting stock outstanding)*; that 15% of these constituted a quorum; that 52 said members or stockholders or shares of voting stock were present at a meeting of the members or stockholders duly called and held on the 29 day of February, 19 88; that the foregoing resolution was adopted at such meeting by the affirmative vote of 52 said members or stockholders or shares of voting stock; and that said resolution has not been rescinded or amended in any way.

Dated this 29 day of February, 19 88.

Wm. T. Wilkerson

Secretary of Springfield Water Association, Inc.

U.S. Government Printing Office: 1984—564-008/11545

The agreement to provide the information collected through this resolution is required to obtain FmHA loan/grant assistance and the information so collected is used to determine compliance with the covenants of this resolution and applicable Federal

LOAN AGREEMENT
(Short Form)

RECITALS

COPY

Springfield Water Association, Inc. (the Borrower) is a non-profit corporation organized and existing under the laws of the State of West Virginia . The Borrower has determined that it is necessary and desirable to borrower money from the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture, (the Government), in order to finance a project duly authorized by resolutions of its members and of its governing body (the Project).

NOW, THEREFORE, in consideration of the Government's making a community facility loan (the Loan) to the Borrower, the Borrower hereby agrees to the following:

PART ONE

REPRESENTATIONS AND WARRANTIES

Section 1.1. General: In order to induce the Government to make the Loan, the Borrower makes the representations and warranties set forth in this Article.

Section 1.2. Corporate Organization and Power: The Borrower (a) is a non-profit corporation duly organized, validly existing and in good standing under the laws of West Virginia ; (b) has not suffered or permitted its corporate charter or by-laws to be amended, rescinded or revoked, except as previously fully disclosed to the Government in writing; (c) has the corporate power to acquire, own, lease and give a lien on and security interest in the Collateral, and to engage in the transactions contemplated by this Loan Agreement; (d) has duly authorized the execution and delivery of this Loan Agreement and each of the other Loan Instruments; and (e) has the full power, authority and legal right to execute and deliver each of them and to perform and observe the terms and provisions of this Agreement and of such instruments.

Section 1.3. Liabilities: The Borrower has no liabilities except as contemplated by this Loan Agreement and fully disclosed in the Borrower's financial records as presented to the Government. Such financial records are true and correct. No data was withheld and no material adverse change in the

Borrower's financial position has occurred which would adversely effect such statements. The Borrower's assets are not less than its liabilities, both determined in accordance with generally accepted accounting principals and the Borrower is solvent.

Section 1.4. Litigation and Taxes: There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower at law or in equity before any court or administrative officer or agency which might result in any material adverse change in the business or financial condition of the Borrower. The Borrower is not in default (a) on the payment of any taxes levied or assessed against it or any of its assets or (b) under an applicable statute, rule, order, decree, writ, injunction or regulation of any governmental body (including any court).

Section 1.5. Compliance with Other Instruments: The Borrower is not a party to any contract or agreement or subject to any charter or corporate restriction to any order, rule, regulation, writ, injunction or decree of any court or governmental authority or to any statute which materially and adversely affects its business, property, assets or financial condition. Neither the execution, delivery or performance of this Loan Agreement or of any of the other Loan Instruments, evidencing or securing the Loan nor compliance with the terms and provisions thereof, conflicts or will conflict with or results or will result in a breach of any of the terms, conditions or provisions of the charter documents or by-laws of the Borrower, or of any law, or of any order, writ, injunction or decree of any court or governmental authority, or of any agreement or instrument to which the Borrower is a party or by which it is bound, or constitute a default thereunder, or result in the creation or imposition of any lien, charge or encumbrance upon any of its property pursuant to the terms of any such agreement or instrument, except the lien and security interest hereby created, or by the other Loan Instruments.

Section 1.6. Governmental Authorization: No authorization, consent, or approval of any governmental authority is required for the execution and delivery of the Loan Instruments. If, on the Closing Date, any such authorization, consent or approval shall be required, the same shall have been obtained or made on or prior to the Closing Date. All necessary permits and licenses to Construct and operate the facility in the Loan Instruments have been obtained.

Section 1.7. Events of Default: No event has occurred and is continuing which would constitute an Event of Default under the Deed of Trust or would constitute such an event of default but for the requirements that notice be given or that a period of time elapse, or both.

Section 1.8. Credit Elsewhere: The Borrower is unable to obtain sufficient credit elsewhere to finance the Project, taking into consideration prevailing private and cooperative rates and terms currently available.

Section 1.9. Other Representation: All representations which the Borrower has made to the Government in connection with the transactions contemplated hereby, whether contained in the other Loan Instruments, the Loan application or written or oral correspondence with the Government, are true and are not materially misleading.

PART TWO

TERMS OF LOAN

The Borrower's obligation to repay the Loan is evidenced by its installment Promissory Note executed by its President and attested by its Secretary on From FmHA 440-22 dated September 22, 1989 (the Note). The terms of the Loan are set forth in the Note as well as any additional notes which the Borrower may deliver to the Government from time to time pursuant to Section 6.10 hereof which is hereby incorporated into this Part by reference.

PART THREE

PLEDGE OF COLLATERAL

Section 3.1. Collateral: Borrower hereby assigns to and grants the Government a security interest in the following collateral (the Collateral) as security for the performance of its obligations under this Loan Agreement:

"Exhibit A"

Section 3.2. After-Acquired Property: Borrower hereby assigns to and grants the Government a security interest in all additions, substitutions and replacements of the Collateral, now or hereafter acquired. As used in this Loan Agreement, the term "Collateral" includes such after-acquired property.

Section 3.3. Proceeds of Collateral: The assignment and pledge of Collateral in Sections 3.1 and 3.2 of this Part shall also include the proceeds thereof; however, disposition of Collateral is not authorized by this Section.

PART FOUR

COVENANTS OF BORROWER

Section 4.1. Payment of Note: The Borrower shall pay the Government when due all sums owed by the Borrower under the Note, as well as any additional promissory notes of the Borrower held or insured by the Government.

Section 4.2. Loan Resolution: The Borrower will fully observe and perform all of the covenants contained in Sections 5 and 7 of its Loan Resolution dated February 29, 1988 and adopted by its governing body on Form FmHA 1942.9, (the Loan Resolution), and all of such covenants are hereby incorporated by the reference into this Loan Agreement.

Section 4.3. Preservation of Collateral: The Borrower will keep all of the Collateral in good condition and free from all encumbrances and will not do, or suffer to be done, any act or thing whereby the security interest created hereby might or could be impaired.

Section 4.4. Sale or Disposition of Collateral: Except in the ordinary course of its business, the Borrower will not attempt to sell, lease, or dispose of the Collateral or any part thereof, or to remove the same from its premises without the prior written consent of the Government. The Borrower will permit the Government and its representatives to inspect the same at any reasonable time, it being understood that so long as the Borrower is not in default it may retain possession and at its own expense keep and use the Collateral, subject to all the terms and conditions herein or made a part hereof.

Section 4.5. Taxes: The Borrower will pay, when due, all taxes, assessments and other charges lawfully levied or assessed upon the Collateral.

Section 4.6. Other Obligations: In case at any time, either before or after the date hereof, the Borrower acquires any equipment under another security interest or lease, it will make all payments under that other security interest or lease as and when due and payable.

Section 4.7. Further Assurances: At all times the Borrower will do, execute, acknowledge and deliver, all further acts, deeds and assurances as the Government shall reasonably require for the better assuring and confirming unto the Government, the security interest in the Collateral, and the rights, privileges and remedies hereby created granted or assigned. The Borrower will also warrant and defend the security interest created by this Loan Agreement against all claims and demands of all persons.

Section 4.8. Additional Equipment: The Borrower will, upon acquiring any additional equipment, promptly notify the Government of the acquisition, stating the nature, description, cost and amount of equipment so acquired, and it will upon request of the Government, at the Borrower's own expense, promptly execute and deliver to the Government additional agreements or financing statements as required by the Government.

Section 4.9. Financing Statements: The Borrower will join with the Government in executing one or more financing statements in form satisfactory to the Government and will pay the cost of filing the same or filing or recording this Agreement in all public offices wherever filing or recording is deemed by the Government to be necessary or desirable. In addition, the Borrower also hereby authorizes the Government to file financing statements without Borrower's signature.

Section 4.10. Discrimination Prohibited: The Borrower will not cause or permit discrimination, in the use of its services or occupancy of its premises because of race, color, creed, sex or national origin.

Section 4.11. Dissolution: The Borrower will, in the event that it has been organized as a non-profit corporation and subsequently is dissolved or ceases to carry out the objectives or purposes set forth in its organizational papers, see that all of its business, property and assets shall go and be distributed to one or more non-profit corporations or public bodies as may be selected by its governing body and approved by at least 75% of its members, to be used for, and devoted to, the purpose of a community facility project or other purpose to serve the public welfare of the community; and in no event shall the Borrower cause or permit any of its assets or property, in the event of dissolution, to be distributed to members, directors, stockholders, or others having financial or managerial interests in the Borrower, either for the reimbursement of any sum subscribed, donated or contributed by such persons or for any other purposes. However, nothing in this section shall prohibit the Borrower from paying its just debts.

Section 4.12. Protection and Disposition of Funds: On or before the closing of the Loan, the Borrower will establish the accounts called for in Section 4 of the Loan Resolution and thereafter will make the deposits and transfers called for therein.

Section 4.13. Use of Loan Proceeds: The Borrower will use the proceeds of the Loan to finance the Project and will diligently pursue the completion of the construction and/or acquisition or Project:

Section 4.14. Compliance with Laws: The Borrower will comply with all applicable statutes, regulations, orders and restrictions of the United States of America, the state in which the Facility is located, municipalities of such state, and agencies and instrumentalities of the foregoing, with respect to the conduct of its operations and activities and the ownership of its Facility, except such as are being contested in good faith.

PART FIVE

DEFAULTS AND REMEDIES

Section 5.1. Event of Default Defined: Each of the following events is hereby declared to be an "Event of Default":

5.1.1. If the payment of any installment of principal and interest on the Note shall not be made when the same shall become due and payable, either at maturity or by proceedings for prepayment or otherwise.

5.1.2. If Borrower shall discontinue for more than 60 days or unreasonably delay or fail to carry on with reasonable dispatch the completion of the construction of the Project.

5.1.3. If Borrower shall for any reason be rendered incapable of fulfilling its obligations hereunder.

5.1.4. If the Facility (as defined in the Loan Resolution) or any substantial part thereof shall be condemned, destroyed, or damaged to the extent of impairing its efficient operation or adversely affecting its gross revenues and for any reason shall not be promptly repaired, replaced, rebuilt, or reconstructed.

5.1.5. If judgment for the payment of money shall be rendered against Borrower as the result of its ownership or operation of the Facility, or any of Borrower's other operations, and the judgment shall not be discharged within 60 days from the entry thereof and an appeal shall not be taken in a manner so as to stay decree or process for the enforcement thereof.

5.1.6. If any order or decree shall be entered, with the consent or acquiescence of Borrower appointing a receiver or receivers of the Facility, or the revenues from the Facility, or if an order or decree, having been entered without the acquiescence or consent of Borrower, shall not be vacated or discharged or stayed on appeal within 60 days after the entry thereof.

5.1.7. If any proceeding shall be instituted with the consent or acquiescence of Borrower for the purpose of effecting a composition between Borrower and its creditors or for the purpose of adjusting the claims of those creditors pursuant to any Federal or State statute now or hereafter in effect, if the claims of the creditors are under any circumstances payable from the revenues of the Facility or in any way effect the financial stability of the Facility.

5.1.8. If the Government determines that any of the Borrower's representations contained in the Loan Instruments, the Loan application, the Loan closing papers or any written or oral communication submitted by it to the Government were false or materially misleading.

5.1.9. If Borrower shall default in the due and punctual performance of any covenants, conditions, agreements or provisions contained in any Loan Instrument or any other security instrument of Borrower held or insured by the Government, and the default is either incurable or, if curable, shall continue for thirty days after written notice, specifying the default and requiring that it be remedied, shall have been filed with Borrower by the Government or by an uninsured holder of the Note.

Section 5.2. Remedies Upon Default: Upon the happening of any Event of Default, the Government and/or any uninsured holder of the Note shall have all of the rights and remedies contained in the Loan Instruments, and such rights and remedies shall be in addition to and not in lieu of all other rights and remedies which may be afforded to the Government and any uninsured holder of the Note by any applicable state or federal laws and/or regulations.

Section 5.3. Protective Advances: If taxes or other assessments against any of the Collateral remain unpaid after the date fixed for the payment of the same without penalty or interest, or if any lien be claimed which in the opinion of the Government, or if any lien be claimed which in the opinion of the Government, or its counsel, would create a valid obligation having priority over the security interest created herein, or if any insurance premiums be at any time overdue, the Government may pay such taxes, assessments, claims or insurance premiums and any other amounts proper to protect or preserve the Collateral. The amount paid plus interest at the highest rate provided in the Note shall be added to the secured indebtedness.

Section 5.4. Right of Possession: Upon the occurrence of an Event of Default, the Government may enter upon the Borrower's premises to take immediate possession of the Collateral and there maintain possession thereof, until the completion of the sale, delivery or other disposition thereof, or may remove the equipment therefrom. Any expenses incurred by the Government in exercising its rights under this Section shall be added to the secured indebtedness and shall bear interest at the highest rate provided in the Note.

Section 5.5. Collections: Upon the occurrence of an Event of Default, the Government may demand, collect, receipt for, settle, compromise, adjust, sue for, foreclose and realize upon Collateral insofar as it shall consist of accounts receivable, contract rights, insurance policies, instruments, chattel paper, choses in action or the like. The Government may receive, open and dispose of mail addressed to the debtor and endorse notes, checks, drafts, money orders, documents of title or other evidence of payment of any form of Collateral on behalf of and in the name of the Borrower.

Section 5.6. Liquidation Proceeds: In the event that the Government liquidates the Collateral, as permitted by the Loan Agreement, the proceeds of any liquidation sale shall be applied in the following order: first, to the expenses of retaking, holding, preparing for sale, selling and the like; second, to payment of any prior liens required by law or competent court to be paid; third, to the indebtedness secured hereby; fourth, to inferior liens of record in the order of their priority; fifth, at the Government's option to any other indebtedness of the Borrower owing to or insured by the Government; and the surplus, if any, to the Borrower; but in the event there remains an unsatisfied portion of the indebtedness of the Borrower to the Government, the Borrower shall remain liable for the deficiency.

Section 5.7. Remedies Cumulative: No remedy conferred by this Loan Agreement is intended to be exclusive of any other remedy conferred by law or by any other instrument securing the

Loan, and every remedy shall be cumulative and in addition to every other remedy therein or now or hereafter existing in equity, at law, by statute or by government regulation. The waiver by the Government of any Event of Default shall not operate as a waiver of any other Event of Default or as a waiver of the occurrence of the same Event of Default on a future occasion.

PART SIX

MISCELLANEOUS

Section 6.1. Federal Criminal Laws: Violation of the Borrower's covenants set forth in Sections 4.3 and 4.4, restricting sale or encumbrance of the Collateral, in addition to constituting an "Event of Default" under Section 5.1 of this Loan Agreement, may also constitute a violation of Federal criminal laws.

Section 6.2. Contract with Government and Holder of Note: The provisions of the Loan Instruments shall constitute a contract and security agreement between Borrower and the Government for as long as the Government is the holder or insurer of the Note and any portion of the principal of the Note or the interest thereon remains outstanding and unpaid. In the event that the Government is neither a holder nor insurer of the Note, then and only then shall the Loan Instruments constitute a contract between Borrower and the holder of the Note.

Section 6.3. Limitations on Notice: Any provisions in any Loan Instrument for the giving, filing, mailing, or delivery of notice or other papers shall be deemed fully complied with if and when such notice or other papers are sent by certified mail (postage prepaid), unless otherwise required by law, addressed as set forth below:

Borrower's Address Springfield Water Association, Inc.
Springfield
West Virginia 26763

Government's Address Farmers Home Administration
400 Davis Avenue
Elkins, WV 26241

The parties may change the addresses in this Section by giving notice of the change in the manner set forth above.

Section 6.4. Amendments: The Loan Instruments may not be amended or modified except in writing executed by an authorized representative of the party against whom such amendment is being

enforced. All amendments shall clearly identify the Loan Instrument to which they pertain. They shall also be numbered sequentially beginning with "Amendment 1" and be dated.

Section 6.5. Headings and Table of Contents: Any headings in the Loan Instruments and the Table of Contents to this Loan Agreement are solely for convenience of reference and shall not constitute a part of the Loan Instruments, nor shall they affect their meaning, construction, or effect.

Section 6.6. Severability: The provisions of this Loan Agreement are hereby declared to be severable. If any court of competent jurisdiction shall hold any provisions hereof to be invalid and unenforceable, that holding shall not affect any other provisions of this instrument.

Section 6.7. Effective Date: This Loan Agreement shall take effect immediately.

Section 6.8. Applicable Laws: The Loan Instruments shall be subject to the present regulations of the Farmers Home Administration, and to its future regulations not inconsistent with the express provisions thereof. The Loan Instruments shall be governed by federal law, to the extent pertinent, and in all other respects by the laws of the state in which the Project is located.

Section 6.9. Nature of Loan Agreement: This Loan Agreement shall constitute a security agreement as defined in the Uniform Commercial Code. To the extent that any of the Collateral is of a type which can be assigned, the Borrower hereby assigns such Collateral to the Government subject, however, to the right reserved to the Borrower to use, possess, collect and apply such Collateral prior to any Event of Default.

Section 6.10. Subsequent Loans: In the event that the Government shall ever determine to make one or more such loans by adopting new resolutions on Form FmHA 1942-9. Such resolutions adopted on Form FmHA 1942-9 shall constitute an amendment of the Loan Agreement and any indebtedness incurred pursuant to them shall be automatically added to the indebtedness secured by this Loan Agreement. In the event that the Government requires the Borrower to put up collateral not already pledged under Sections 3.1 and 3.2 of this Loan Agreement, then such collateral may be included in such sections by having the Borrower sign a description of such collateral and attaching the signed description to this Loan Agreement.

Section 6.11. Forms: In the event that any of the government forms referred to herein or in any of the other Loan Instruments are revised, redesignated, or renumbered, then such

references shall be deemed to include such revised, redesignated or renumbered forms, as they may be in effect from time to time, but only to the extent that they do not conflict with the express provisions hereof or of the other Loan Instruments.

Section 6.12. Loan Instruments, Definition and Relationship. The term "Loan Instruments" as used in this Loan Agreement collectively refers to this Loan Agreement, the Deed of Trust of even date herewith, the Note and Loan Resolution, including any future amendments thereof or supplements thereto, and any related financing statements. In case of any discrepancies or inconsistencies among the Loan Instruments, the Note shall control the Mortgage; the Mortgage shall control the Loan Agreement; and the Loan Agreement shall control the Loan Resolution. For purposes of the Uniform Commercial Code, this Loan Agreement, the Loan Resolution and the Mortgage collectively constitute one security agreement between the Government and the Borrower.

IN WITNESS WHEREOF, Borrower has caused this Loan Agreement to be executed on its behalf by its President, and its Secretary, all on this 22nd day of September, 19 89, being the date of the execution and deliverly of the Note.

(CORPORATE SEAL)

ATTEST: Wm T Williams
Secretary

By J. E. Mills
James E. Mills
President

"EXHIBIT A"

TO LOAN AGREEMENT

All contract rights, accounts, general intangibles, gross receipts, gifts, pledges, income and revenue now or hereafter in existence, including the proceeds thereof.

All of Debtor's supplies, inventory, furnishings, furniture, fixtures, equipment, machinery, motor vehicles, and all other tangible assets of every nature or description now owned or hereafter acquired together with all appurtenant furnishings and equipment, including all accessions, additions, repairs, and replacements in any way relating to Debtor's use or operation of a water facility in or around Springfield, West Virginia.

25279

CORPORATE REAL ESTATE DEED OF TRUST FOR WEST VIRGINIA

THIS DEED, made this day, September 22, 1989, among Grantor, Springfield Water Association, Inc., a non-profit corporation organized and existing under the laws of the State of West Virginia, whose address is Springfield, West Virginia 26763 (the Borrower), and John C. Musgrave, State Director of the Farmers Home Administration for the State of West Virginia, whose residence address is Mason County, West Virginia, and his successors in office as State Director, as trustee (the Trustee) for the benefit of the United States of America (the Government), acting through the Farmers Home Administration, United States Department of Agriculture, WITNESSETH THAT:

The Government has lent the Borrower money as evidenced by one or more promissory note(s). If more than one note is described below, the work "Note" as used herein shall be construed as referring to each note singly or all notes collectively, as the context may require and all of them shall have equal lien under this instrument without regard to their priority in time, maturity or otherwise. The Note has been executed by the Borrower, is payable to the order of the Government in installments as specified therein, authorizes acceleration of the entire indebtedness at the option of the Government upon any default by the Borrower, and is further described as follows:

Date of Instrument	Principal Amount	Annual Rate of Interest	Due Date of Final Installment
Oct. 23, 1970	$ 93,000.00	05.0000%	October 23, 2010
Sept. 22, 1989	$260,000.00	05.0000%	September 22, 2029

The Government may assign the Note at any time. The Government may also insure the payment of the Note pursuant to the Consolidated Farm and Rural Development Act.

Whenever the Note is held either by the Government or by an uninsured holder, this instrument shall secure payment of the Note. Whenever the Note is held by a insured holder, however, this instrument shall not secure payment of the Note or attach to the underlying debt. In that event, this instrument shall constitute an indemnity mortgage to secure any payments to an insured holder of the Note or other advances which the Government may be required to make upon default by the Borrower. The insured holder shall have no right, title or interest in or to the lien of this instrument or its benefits. This instrument

COPY

also secures the Borrower's obligations and covenants under other instruments delivered in connection with the loan evidenced by the Note, including the Borrower's Loan Agreement of even date and its Loan Resolution referred to therein, both of which are hereby incorporated herein by reference. The Note, Loan Agreement, Loan Resolution and this instrument together with any supplements, amendments, attachments, modifications, additions and related financing statements are collectively referred to as the "Loan Instruments".

The lien of this instrument shall extend to and cover all property and property rights, real or personal and of whatever character or nature, that may at any time hereafter be acquired, owned, held, possessed, or enjoyed in any manner by Borrower in or on the premises described below.

NOW THEREFORE, in consideration of the loan(s) as evidenced and described by the Note described above the Borrower does hereby grant, assign, and convey to the Trustee, his successors, grantees and assigns, in fee simple forever, the following property:

ALL that real estate in Hampshire County(ies), West Virginia, and being more particularly described as follows:

(1) All that property described in a Deed of Trust dated October 23, 1970, and recorded in Deed of Trust Book 70 at Page 224

(2) All that real estate and assets comprising a water distribution system as shown on the plans drawn by Stultz & Associates, Inc. consisting of 13 sheets dated March, 1988.

This instrument also secures the obligations and covenants of the Borrower set forth in Borrower's Loan Resolutions of October 23, 1970, and February 29, 1988.

TOGETHER with all easements and rights of way used in connection with the premises or as a means of access thereto.

TOGETHER with all improvements now on the premises or hereafter placed thereon, including, without limitation, all heating, lighting, refrigeration, plumbing, ventilating, incinerating, water heating, cooling and air-conditioning equipment and apparatus and all appurtenances now and hereafter placed or installed within or about such improvements, and all renewals, replacements, and substitutions therefor, all of which are hereby deemed a part of the realty.

TOGETHER with all fixtures, machinery, appliances, and equipment of every nature and kind whether now on the premises or hereafter to be placed or installed therein or thereon, appurtenant to the buildings erected or to be erected on the premises and intended for the use of occupants, all of which are hereby deemed a part of the realty as between Borrower and the Government, their successors and assigns, and a portion of the security for the indebtedness herein mentioned and to be conveyed by this instrument.

TOGETHER with all chattels and articles of personal property owned by Borrower in, or used in connection with, the operation, possession, and enjoyment of, the premises, whether attached or unattached to the freehold, including all chattels and articles of personal property hereafter acquired by Borrower or any subsequent owner of the premises in addition to, substitution for, or replacement of any of the chattels or articles of personal property now in, or used in connection with, the premises. This instrument shall constitute a security agreement with respect to any and all of the above-described chattels and articles of personal property. At the request of the Government, Borrower shall join with the Government in executing one or more financing statements pursuant to the Uniform Commercial Code, in form satisfactory to Government, and will pay for filing the same in the proper public office or offices, as well as the cost of all lien searches made by filing officers or searching agencies as may be deemed desirable by Government.

TOGETHER with the rents, issues, and profits of the premises, subject, however, to the right reserved by Borrower to collect and apply such rents, issues, and profits prior to any default hereunder.

PROVIDED, HOWEVER, that with respect to any goods above which are or become fixtures and proceeds thereof this instrument shall also serve as a fixture filing pursuant to §46-9-402(6) of the West Virginia Code without the necessity of filing a fixture financing statement under the Uniform Commercial Code.

All of the foregoing property is hereinafter collectively referred to for convenience of reference as the "Encumbered Property."

IN TRUST, to secure (a) payment of the Note in accordance with its terms, including any extensions or renewals thereof, whenever the Note is held by either the Government or by an uninsured holder; (b) repayment, with interest, of any payments, advances and expenditures made by the Government (c) performance of every covenant and agreement of the Borrower's contained in this or any other Loan Instrument; and (d) all future advances, whether obligatory, protective or voluntary, made to the Borrower by the Government from time to time.

The Borrower, for itself, its successors and assigns, WARRANTS the Encumbered Property to the Trustee against the lawful claims of all persons whose claims are not based upon liens, encumbrances, easements or reservations specified above.

The Borrower, for itself, its successors and assigns, COVENANTS AND AGREES as follows:

(1) Borrower will promptly pay any indebtedness secured by this instrument when due.

(2) Borrower will indemnify the Government against any loss which the Government may incur as a result of making payments to an insured holder of the Note after the Borrower's default.

(3) Borrower will pay the Government any fees or other charges required under regulations of the Farmers Home Administration.

(4) Borrower will pay when due all taxes, liens, judgments, encumbrances and assessments lawfully attaching to or assessed against the Encumbered Property, and, without demand, will also provide the Government with proof of those payments.

(5) Borrower will pay the Government for any expenses necessary or incidental to (a) the protection of the lien or priority of any Loan Instrument and to (b) the enforcement of or compliance with the provisions of any Loan Instrument. "Expenses" includes (without limitation) costs of evidence of title, surveys, recording fees, attorneys' fees and trustees' fees, as well as court costs and expenses of advertising, selling and conveying the Encumbered Property or any portion of it.

(6) Borrower will use the loan evidenced by the Note solely for the purpose authorized by the Government.

(7) Borrower will keep the Encumbered Property insured as required by the Government and will deliver the originals of all insurance policies to the Government for safekeeping if so requested.

(8) Borrower will comply with all laws, ordinances and regulations affecting the Encumbered Property and the conduct of Borrower's business operations.

(9) Borrower will maintain the Encumbered Property in good repair and make any repairs the Government may require.

(10) Borrower will operate the Encumbered Property in a good and efficient manner and will comply with management plans and practices which the Government may prescribe from time to time.

(11) Borrower will not abandon the Encumbered Property; effect waste, lessening, or impairment of the Encumbered Property; or cut, remove or lease any timber, gravel, oil, gas, coal or other minerals.

(12) Borrower will not (except as may be authorized in the Loan Agreement or as may be in the ordinary course of business) lease, assign, sell, transfer or further encumber the Encumbered Property or any nonexpendable part thereof, voluntarily or otherwise, either in whole or in part, without the prior written consent of the Government. This covenant may be modified by the Loan Agreement and does not preclude any lease, assignment, sale, transfer or further encumbrance of the Encumbered Property in the ordinary course of the Borrower's business.

(13) The premises described herein was obtained or improved through Federal financial assistance. The Encumbered Property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the premises continues to be used for the same or similar purpose for which financial assistance was extended or for so long as the Borrower owns it, whichever is longer.

(14) If at any time it shall appear to the Government that the Borrower may be able to obtain a loan from a production credit association, a federal land bank, or other responsible cooperative or private credit source, at reasonable rates and terms for the loans for similar purposes and period of time, the Borrower will, upon the Government's request, apply for and accept a loan in sufficient amount to pay the Note and any other indebtedness secured by this instrument and to pay for any stock necessary to be purchased in a cooperative lending agency in connection with such a loan.

(15) The Government may require the Borrower to make additional monthly payments equal to one-twelfth of the estimated taxes, assessments, insurance premiums and other charges upon the Encumbered Property.

(16) The Government and its agents may inspect the Encumbered Property at reasonable times to ascertain whether the Borrower is fulfilling its obligation under this or any other Loan Instrument.

(17) The Government may at any time pay as advances for the Borrower's account any amounts which the Borrower is obligated to pay under any Loan Instrument and any expenses incurred by the Government in enforcing or protecting the Government's rights hereunder. The Government may exercise this right regardless of whether the Note is insured and regardless of whether advances exceed the face amount of the Note. Advances by the Government pursuant to the terms of this paragraph shall bear interest at the rate borne by the Note which bears the highest interest rate. Advances, with interest, shall be immediately due and payable by the Borrower at the place designated in the latest Note. Advances under this paragraph shall neither relieve the Borrower of its obligation to pay nor cure any default under any Loan Instrument. Such advances, together with interest accruing on them, shall automatically become a part of the mortgage debt secured by this instrument.

(18) To the extent specified by the Government in writing, the Government in its sole discretion may grant an extension of the time for payment or reamortize the indebtedness secured by any Loan Instrument, release any party from liability to the Government, release portions of the Encumbered Property from the lien of any Loan Instrument, and waive any other Government right under any Loan Instrument without affecting the lien or priority of any Loan Instrument or the liability of the Borrower or any other party for payment of the indebtedness secured by any Loan Instrument.

(19) The Government and its assigns are empowered to appoint a substitute trustee at anytime. This power may be exercised without giving any notice or rationale for its use. THE BORROWER WAIVES notice of the exercise of this power and any requirement of, or right to require, a bond from any substitute trustee. The power to appoint a substitute trustee shall be exercised by filing an instrument of appointment in the office where this instrument is recorded, whereupon the substitute trustee shall succeed to all the estates, rights, powers and trusts granted to or vested in the Trustee and the former trustee or substitute Trustee shall be divested.

(20) All powers and agencies granted in this instrument are coupled with an interest and are irrevocable by death or otherwise.

(21) The Government will not be bound by any present or future state laws (a) providing for valuation, appraisal, or exemption of the Property; (b) prohibiting or restricting an action for deficiency judgment or limiting the judgment amount which may be awarded; (c) prescribing any statute of limitations; (d) allowing any right of redemption or possession the Government may impose by regulation as a condition of approving a transfer of the Encumbered Property to a new borrower. THE BORROWER WAIVES THE BENEFIT OF ANY SUCH STATE LAWS.

(22) Should the Borrower DEFAULT on any of its obligations under any Loan Instrument; breach any of its warranties or covenants under any Loan Instrument; merge, dissolve, be the benefit of creditors, the Government may without notice (a) accelerate the entire indebtedness secured by this instrument by declaring it immediately due and payable; (b) charge the Borrower's account for any reasonable expenses which the Government may pay or incur to maintain and repair the Encumbered Property; (c) operate or rent the Encumbered Property and apply any moneys received to the Borrower's account; (d) have a receiver appointed for the Encumbered Property who may exercise the usual powers of receivers in similar cases; and (e) authorize the Trustee to foreclose this and any other Loan Instrument and sell the Encumbered Property as a business unit without any requirement for marshalling of assets and without regard to whether the Encumbered Property is realty or personalty.

(23) At the request of the Government, the Trustee may foreclose this instrument by advertisement and sale of the Encumbered Property as provided by law, for cash or secured credit as the Government may desire. Except to the extent it may be required by law, personal notice of sale need not be served on the Borrower. The sale may be adjourned from time to time without notice other than oral proclamation at the time and place originally appointed for the sale and written correction made on the posted notices. At the sale the Government and its agents may bid any purchase as a stranger. The Trustee, at his option, may conduct the sale without being personally present. The Trustee may authorize a delegate for that purpose, either orally or in writing. The Trustee's execution of a conveyance of all or part of the Encumbered Property to any purchaser at foreclosure sale shall be conclusive evidence that the sale was conducted in accordance with the provisions of the Loan Instruments, either by the Trustee personally or through his duly authorized delegates.

(24) Proceeds of a foreclosure sale pursuant to any Loan Instrument shall be applied in the following order to the payment of: (a) costs and expenses incident to enforcing or complying with the provisions of any Loan Instrument; (b) any prior liens; (c) all indebtedness to the Government secured by this instrument; (d) inferior liens of record in their order of priority; (e) at the Government's option, any other indebtedness of the Borrower owing to or insured by the Government, and (f) any balance to Borrower.

(25) If the Government is the successful bidder at a foreclosure sale under any Loan Instrument, any portion of the purchase prior not owed to a third party may be paid by crediting that amount on any debts of the Borrower which are owed to or insured by the Government.

(26) The rights and remedies provided in this instrument are cumulative and shall be in addition to every other remedy now or hereafter existing at law, in equity, by statute or by regulation.

(27) A waiver, amendment, release or modification of this instrument may be effected only by a writing which has been duly executed by the Government and shall not be established by conduct, custom or course of dealing.

(28) This instrument shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions of this instrument, and shall be construed and enforced in accordance with applicable federal law. In all other respects, this instrument shall be governed by the laws of the State in which it is recorded.

(29) Default under this instrument shall constitute a default under any other instruments of the Borrower held or insured by the Government and default under any other instrument constitutes default under this instrument.

(30) The invalidity or unenforceability of any portion of this instrument shall not effect the validity or enforceability of the remaining portion of this instrument.

(31) Notices to the Borrower shall be sent to its address as shown on the first page of this instrument. Notices to the Government shall be addressed to the Farmers Home Administration, United States Department of Agriculture, 400 Davis Avenue, Elkins, West Virginia . For the purposes of §39-1-2 of the West Virginia Code, the immediately preceding address shall be deemed to be the address of the beneficial owner of the debt secured. Notices shall be sent by certified mail (postage prepaid) unless otherwise required by law. The Government and the Borrower may designate any further or different addresses to which subsequent notices shall be sent.

(32) In the event that the Government at its option desires to extend additional credit to the Borrower from time to time, then the lien of this instrument shall automatically be extended to cover such indebtedness. The Borrower shall evidence its consent by the execution and delivery of a Loan Resolution on Form FmHA 1942-9 and an additional note on From FmHA 440-22, or their equivalents. In the event that at the time of the additional borrowing, the laws of the state in which this instrument is recorded do not permit such future advances to enjoy the lien of this instrument, then the Borrower shall execute and deliver an additional deed of trust. Future deeds of trust may be in statutory form, with such additional provisions, either expressed or incorporated by reference to this deed of trust, as the Government and the Borrower agree upon. Nothing contained in this section shall be construed to require the Government to evidence and secure obligatory advances under the Note or protective advances under this instrument with additional notes and deeds of trust.

IN WITNESS WHEREOF, the Borrower has caused this Deed of Trust to be executed by its President and its corporate seal to be affixed and attested by its Secretary, all as of the date first written above.

(CORPORATE SEAL)

ATTEST: Wm T Milleson
William T. Milleson
Secretary

By Jo E. Mills
James E. Mills
President

ACKNOWLEDGMENT

STATE OF WEST VIRGINIA)
) ss:
COUNTY OF HAMPSHIRE)

I, Laurie A. Paugh, a notary public in and for the state and county aforesaid, do certify that on this 22nd day of September, 1989, before me appeared James E. Mills and William T. Milleson, to me personally known, who being by me duly sworn, did acknowledge before me in my county aforesaid that they are the President and Secretary of Springfield Water Association, Inc., a Corporation and that the seal affixed to the foregoing Deed of Trust is the corporate seal of the corporation, and that the Deed of Trust was signed and sealed by them on behalf of the corporation by authority of its governing board, and they acknowledged the Deed of Trust to be the free act and deed of the corporation.

Given under my hand and official seal this 22nd day of September, 1989.

(NOTARIAL SEAL)

My term of office as Notary expires Feb. 15, 1999.

Official Seal
Notary Public, State of West Virginia
Laurie A. Paugh
56 East Main St.
Romney, WV 26757
My commission expires February 15, 1999

Laurie A. Paugh
Notary Public

The form of this instrument was prepared by the Office of the General Counsel of the United States Department of Agriculture, and the materials in the blank spaces in the form was inserted by or under the direction of

Delmes M. Goldizen
(NAME)

District Loan Specialist
(TITLE)

STATE OF WEST VIRGINIA, County of Hampshire, to-wit:

Be it remembered that on the 22nd day of September 1989, at 1:55 P M., this Deed of Trust was presented in the Clerk's Office of the County Commission of said County and with the certificate thereof annexed, admitted to record.

Attest Nancy C. Feller Clerk
County Commission, Hampshire County, W. Va.

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO 92553-89

USDA
Form RD 1951-15
(Rev. 1-00)

FORM APPROVED
OMB NO. 0575-0066

COMMUNITY PROGRAMS ASSUMPTION AGREEMENT

PART A

1. TRANSFER CASE NUMBER	2. TRANSFEREE NAME
57-014-055057191	

3. ASSUMPTION TYPE	4. NOTE INTEREST RATE	5. EFFECTIVE DATE	6. AMOUNT ASSUMED
1	%	06-30-2010	$762,391.21

7. APPROVAL DATE	8. APPROVAL DATE	9. TRANSFEROR CASE NUMBER
		57-014-031156544

10. TRANSFEROR NAME	11. LOAN NUMBERS BEING TRANSFERRED
	01, 04

12. PURCHASE CODE O-PROGRAM 1- NONPROGRAM	13. FUND CODE	14. RACE/TAX CODE	15. EMPLOYEE RELATIONSHIP CODE	16. ASSUMPTION CODE: 1 - SAME 2 - NEW	17. RELEASE FROM LIABILITY 1 - YES 2 - NO
0	91	7	0	1	1

PART B

AGREEMENT

This agreement dated June 30, 2010, is between the United States of America, acting through the Rural Housing Service or the Rural Utilities Service or the Rural Business-Cooperative Service (herein called the Agency), and the assuming party, Central Hampshire PSD (herein called Transferee), whose mailing address is Route 1, Box 84, Augusta, WV 26740.

The Government is the holder of debt instrument(s) executed by Green Spring Valley PSD and identified as follows:

TABLE I

Instrument Type	Date Executed	Principal Amount	UNPAID ON DATE HEREOF		Int. Rate	Ins. Charge Rate
			Principal	Accrued Interest		
Bond	09-22-1989	$260,000.00		$201.81	5	
Bond	06-30-2006	$591,000.00		$138.54	4.3750	

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0066. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

WHEREAS in connection with such loans the following security instruments were taken on property described therein

which is located in Hampshire County

County, State of West Virginia.

TABLE II

KIND OF INSTRUMENT	DATE EXECUTED	OFFICE WHERE RECORDED	BOOK/VOLUME/ DOCUMENT NO.	PAGE NUMBER
Bond	09-22-1989	N/A	N/A	N/A
Bond	06-30-2006	N/A	N/A	N/A

Now therefore, in consideration of the assumption of indebtedness as herein provided and the Agency's consent to the assumption and related conveyance of security property, if applicable, it is agreed as follows:

1. The transferee hereby jointly and severally assumes liability for and agrees to pay to the order of the Agency, or to the order of the insured holder through the Agency if and when an insured holder is the holder of said debt instrument(s), at the office of the Agency shown below, the entire unpaid indebtedness in accordance with the rates and terms specified in the following subparagraphs (a) or (b) designated by an X in the appropriate block:

☑ (a) Same Rates/Terms. The entire unpaid indebtedness will be paid in accordance with the rates and terms stipulated in the debt and security instruments listed in Tables I and II of Part B of this agreement.

☐ (b) New Rates/Terms. The entire unpaid indebtedness will be paid in the amounts and at the times specified in the following subparagraph (i) or (ii) designated by an X in the appropriate block.

☐ (i). The sum of _____

dollars ($ _____) plus interest at the rate of _____

percent (_____ %) per annum, paid in installments of $ _____ on _____, _____,

and $ _____ thereafter on the _____

of _____ until the principal and interest are fully paid, except that the final

installment of the entire indebtedness evidenced hereby, if not sooner paid, shall be due and payable

_____ (_____) months/years from the date of this Assumption Agreement.

☐ (ii). The sum of _____

dollars ($ _____) with interest thereon at the rate of _____

percent (_____ %) per annum from the date hereof. The principal and interest shall be due and

payable as follows:

$ _____ on _____; $ _____ on _____; $ _____ on _____;

$ _____ on _____; $ _____ on _____; $ _____ on _____;

$ _____ on _____; $ _____ on _____; $ _____ on _____;

$ _____ on _____; $ _____ on _____; $ _____ on _____;

$ _____ on _____; $ _____ on _____; $ _____ on _____;

and a final installment in the amount of any remaining portion of the indebtedness hereby assumed which shall be paid on or before _____ Interest hereafter accruing shall be due and payable on the same dates as principal installments listed above.

2. The provisions of said debt and security instruments and of any outstanding agreements executed or assumed by the present debtors pertinent thereto shall, except as modified herein, remain in full force and effect, and the transferee hereby assumes the obligations of and agrees to be bound by and to comply with all covenants, agreements and conditions contained in said instruments and agreements, except as modified herein, the same as if they had executed them as of the dates thereof as principal obligors, including any obligation to pay the Agency an insurance charge in addition to interest if and as provided in any such instruments.

3. REFINANCING AGREEMENT: If at any time it shall appear to the Agency that the transferee may be able to obtain a loan from a responsible cooperative or private credit source at reasonable rates and terms for loans for similar purposes and periods of time, transferee will, at the Agency's request, apply for and accept a loan in a sufficient amount to pay the loan(s) hereby assumed in full and, if the lender is a cooperative, to pay for any necessary stock. (Refinancing requirements do not apply to loans classified as nonprogram loans.)

4. This agreement shall be subject to present regulations of the Agency and to its future regulations which are not inconsistent with the express provisions hereof.

5. When the loan(s) hereby assumed is held by an insured holder, prepayments made by the transferee may, except for final payment, be remitted by the Agency to the holder on an annual installment due date basis or other basis established by Agency regulation. Final payment will be remitted promptly. The effective date of every payment made by the transferee shall be the date the payment is received by the Agency.

6. The property described in Table II was obtained or improved through Federal financial assistance. This property is subject to the provisions of Title VI of the Civil Rights Act of 1964 and the regulations issued pursuant thereto for so long as the property continues to be used for the same or similar purpose for which financial assistance was extended or so long as the transferee owns it, whichever is longer.

TRANSFEREE

(SEAL)

Attest:

Central Hampshire PSD

Name of Transferee

BY _____

TITLE Secretary

BY _____

TITLE Chairman

USDA-Rural Development

Agency Name

UNITED STATES OF AMERICA

USDA-Rural Development

Agency Name

BY _____

TITLE State Director

OFFICE ADDRESS:

151 Aikens Center Suite 4
Martinsburg, WV 25404

USDA
Form RD 3550-28
(05-05)

FORM APPROVED
OMB NO. 0575-0184

AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS

U.S. Department of Agriculture
Rural Development

PAPER WORK REDUCTION ACT AND PRIVACY ACT STATEMENT

The following information is provided to comply with the Privacy Act of 1974 (P.L. 93-579). The information requested on the form is required under various provisions of title 15 U.S.C. 1601, 12 CFR 205, and 31 CFR 202, for the purpose of providing authority to the Department of Treasury to designate financial institutions to collect payments, by electronic means, from your account. The information will be used for identification with the records of the government agency and the financial institution to direct your payments to the point you authorize. No deduction maybe made unless a signed authorization form is received. Failure to furnish this information may delay or prevent the collection of these payments through the Automated Clearing House System.

INDIVIDUAL/COMPANY INFORMATION

INDIVIDUAL/ORGANIZATION NAME: (PLEASE PRINT) 1. Central Hampshire Public Service District			
STREET ADDRESS: 2. RR 1 Box 84		**BORROWER TELEPHONE NO.** 3. (304) 496-8882	
CITY/STATE: 4. Augusta, WV		**ZIP CODE:** 5. 26740	
BORROWER CASE NO. 6. 57-014-550571916	**PROJ. NO. (AMAS):** 7.	**FC/LN:** 8. 91-04	**LOAN TYPE:** 9. I
PAYMENT INTERVAL: 10. Monthly	**START DATE:** 11. 1/28/2010	**PAYMENT AMOUNT:** 12. $7,870.00	
SERVICING OFFICE CODE: 13. 57-203	**SERVICING OFFICE TELEPHONE NO.:** 14. (304) 636-2158	**SERVICING OFFICE CONTACT:** 15. Joseph D. Crickenberger	

I hereby authorize the initiation of a deduction from the account and the financial institution named below to debit such account. I understand I will be notified if the debit amount needs to be adjusted, either to be increased or decreased. I also understand that I have the right to stop automatic payment by notifying my financial institution in writing three days prior to the time my account is charged.

SIGNATURE: 16. Richard Moore **DATE:** 17.

FINANCIAL INSTITUTION INFORMATION

FINANCIAL INSTITUTION NAME: 18.			
STREET ADDRESS: 19.			
CITY/STATE: 20.		**ZIP CODE:** 21.	
NINE-DIGIT ROUTING TRANSIT NUMBER: 22.			
ACCOUNT TITLE: 23.			
ACCOUNT NUMBER: 24.	25. ☐ CHECKING ☐ SAVINGS		
BANK REPRESENTATIVE SIGNATURE & TITLE 26.	**AREA CODE:** 27.	**BANK TELEPHONE #:** 28.	**DATE:** 29.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0184. The time required to complete this information collection is estimated to average 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA
Form RD 3550-28
(05-05)

FORM APPROVED
OMB NO. 0575-0184

AUTHORIZATION AGREEMENT FOR PREAUTHORIZED PAYMENTS

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INDIVIDUAL/COMPANY INFORMATION

INDIVIDUAL/ORGANIZATION NAME: (PLEASE PRINT)			
1. Central Hampshire Public Service District			
STREET ADDRESS:		BORROWER TELEPHONE NO.	
2. RR 1 Box 84		3. (304) 496-8882	
CITY/STATE:		ZIP CODE:	
4. Augusta, WV		5. 26740	
BORROWER CASE NO.	PROJ. NO. (AMAS):	FC/LN:	LOAN TYPE:
6. 57-014-550571916	7.	8. 91-03	9. I
PAYMENT INTERVAL:	START DATE:	PAYMENT AMOUNT:	
10. Monthly	11. 1/21/2010	12. $1,758.00	
SERVICING OFFICE CODE:	SERVICING OFFICE TELEPHONE NO.:	SERVICING OFFICE CONTACT:	
13. 57-203	14. (304) 636-2158	15. Joseph D. Crickenberger	

I hereby authorize the initiation of a deduction from the account and the financial institution named below to debit such account. I understand I will be notified if the debit amount needs to be adjusted, either to be increased or decreased. I also understand that I have the right to stop automatic payment by notifying my financial institution in writing three days prior to the time my account is charged.

SIGNATURE: 16. Richard Allred DATE: 17.

FINANCIAL INSTITUTION INFORMATION

FINANCIAL INSTITUTION NAME:			
18.			
STREET ADDRESS:			
19.			
CITY/STATE:		ZIP CODE:	
20.		21.	
NINE-DIGIT ROUTING TRANSIT NUMBER:			
22.			
ACCOUNT TITLE:			
23.			
ACCOUNT NUMBER:	☐ CHECKING		
24.	25. ☐ SAVINGS		
BANK REPRESENTATIVE SIGNATURE & TITLE	AREA CODE:	BANK TELEPHONE #:	DATE:
26.	27.	28.	29.

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