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September 27, 2005

**The Enlarged Hepzibah Public Service Water District
Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)**

TO PERSONS ON THE ATTACHED DISTRIBUTION LIST:

Enclosed is your copy of the transcript of documentation for the above-referenced bond issue. Please briefly review this transcript before filing it and call me if you have any questions. Thank you for your help and cooperation in successfully concluding this financing.

My best regards.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'John C. Stump', written over a printed name 'John C. Stump'.

JCS/rmc
Enclosure
406790.00003

CH780781.1

THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT

**SEWER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

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**THE ENLARGED HEPZIBAH
PUBLIC SERVICE WATER DISTRICT**

**SEWER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)**

DATE OF CLOSING: JULY 25, 2005

BOND TRANSCRIPT

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THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT

**Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)**

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THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM OF THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$235,000 AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2005 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 THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER 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. The Enlarged Hezibah Public Service Water District (the "Issuer") is a public corporation, public service district and political subdivision of the State of West Virginia in Harrison County of said State, duly created pursuant to the Act by The County Commission of Harrison 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 sewerage 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 sewerage 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 sewerage facilities of the Issuer, consisting of an expansion of the existing sewer system in the Lambert's Run area, adding approximately 12,000 linear feet of sewer line to add approximately 48 new customers. The existing sewerage 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 \$925,000 of which \$235,000 will be obtained from the proceeds of sale of the Series 2005 A Bonds herein authorized and \$690,000 will be obtained from a grant from the United States Department of Agriculture, Rural Utilities Service.

E. It is necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2005 A (United States Department of Agriculture), in the aggregate principal amount of \$235,000 (the "Series 2005 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 2005 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 2005 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Sewer Revenue Note, Series 2002, dated January 10, 2003, issued in the original aggregate principal amount of \$70,000 to Bank One, National Association and the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated September 23, 2003, issued in the original aggregate principal amount of \$1,900,000 (collectively, the "Prior Bonds"). Prior to the issuance of the Series 2005 A Bonds, the Issuer will obtain a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and, if required, the written consent of the Holders of the Prior Bonds to the issuance of the Series 2005 A 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 rank prior to or on a parity with the Series 2005 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 2005 A Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated August 14, 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 2005 A Bonds, or will have so complied prior to issuance of the Series 2005 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 2005 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 2005 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 2005 A 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 JP Morgan Chase Bank, National Association, Clarksburg, West Virginia, bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

"Facilities" or "sewerage 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 The Enlarged Hezibah Public Service Water District, a public service district, a public corporation and a political subdivision of the State of West Virginia, in Harrison County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated August 14, 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 2005 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 Issuer's Series 2002 Note and the Series 2003 A Bonds.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, respectively adopted authorizing the issuance of 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 Investment Management Board 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 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 2002 Note" means the outstanding Sewer Revenue Note, Series 2002, of the Issuer described in Section 1.02G hereof.

"Series 2003 A Bond" means the outstanding Sewer Revenue Bonds, Series 2003 A, of the Issuer described in Section 1.02G hereof.

"Series 2005 A Bonds" means the Sewer Revenue Bonds, Series 2005 A (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"System" means the complete public sewerage 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 \$925,000, 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 2005 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 2005 A Bonds of the Issuer, to be known as "Sewer Revenue Bonds, Series 2005 A (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of \$235,000, 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 2005 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 2005 A Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.125% per annum, and shall be sold for the par value thereof.

The Series 2005 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 respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2005 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 2005 A Bonds, and the right to principal of and stated interest on the Series 2005 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 2005 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 2005 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 2005 A Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2005 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 2005 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2005 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 2005 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2005 A Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2005 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 2005 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 2005 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 2005 A Bonds shall cease to be such officer of the Issuer before the Series 2005 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 2005 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 2005 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 2005 A Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2005 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 2005 A 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 2005 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 2005 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 2005 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)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT
SEWER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$235,000

No. AR-1

Date: _____

FOR VALUE RECEIVED, on this the ____ day of _____, 2005, THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER 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 TWO HUNDRED THIRTY-FIVE THOUSAND DOLLARS (\$235,000), plus interest on the unpaid principal balance at the rate of 4.125% 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 \$1,023, 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 sewerage 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 July 21, 2005, 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.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:

- 1) SEWER REVENUE NOTE, SERIES 2002, DATED JANUARY 10, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$70,000; AND
- 2) SEWER REVENUE BONDS, SERIES 2003 A, (WEST VIRGINIA SRF PROGRAM) DATED SEPTEMBER 23 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,900,000;

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

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

THE ENLARGED HEPZIBAH PUBLIC SERVICE
WATER DISTRICT

[CORPORATE SEAL]

Chairman, Public Service Board
The Enlarged Hepzibah Public Service District
Drawer H
Hepzibah, West Virginia 26369

ATTEST:

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		\$	<u> </u>

(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) Renewal and Replacement Fund (established by the Prior Resolutions);
and
- (3) 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 2005 A Bonds Reserve Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2005 A 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 2005 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 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 2005 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2005 A Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2005 A Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2005 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, transfer from the Revenue Fund and simultaneously (i) remit to the respective Paying Agents under the Prior Resolutions the amounts required by the Prior Resolutions to pay the interest on and principal of the Prior Bonds; and (ii) remit to the National Finance Office, the amounts required to pay the interest on the Series 2005 A Bonds and to amortize the principal of the Series 2005 A Bonds over the life of the Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2005 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, on the first day of each month, 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 Reserve Accounts for the Series 2003 A Bonds; and (ii) beginning on the date specified by the Purchaser, but in any event not later than the 24th monthly anniversary of the Closing Date, and continuing on each monthly anniversary of the Closing Date thereafter, transfer from the Revenue Fund and remit to the Commission for deposit into the Series 2005 A Bonds, 10% of the monthly payment amount, calculated monthly, until the amount in the Series 2005 A Bonds Reserve Account equals the Minimum Reserve; provided that, no further payments shall be made into the Series 2005 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, and as long as there shall remain on deposit therein, an amount equal to the Minimum Reserve. Monies in the Series 2005 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 2005 A Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2005 A Bonds, or for mandatory prepayment of the Series 2005 A Bonds as hereinafter provided, and for no other purpose; provided, however, earnings from monies in the Series 2005 A Bond Reserve Account, so long as the Series 2005 A Bonds Reserve Requirement 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 the deposit in the Renewal and Replacement Fund the amounts required by the Prior Resolutions for the Prior Bonds.

(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, pro rata, or for any lawful purpose.

Whenever the money in the Series 2005 A Bonds Reserve Account shall be sufficient to prepay the Series 2005 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding,

to prepay the Series 2005 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 2005 A Bonds Reserve Account. All amounts required for the Series 2005 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 into such fund.

The Revenue Fund and the Series 2005 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 2005 A Bonds and the interest thereon.

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.

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 2005 A Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolutions, the Commission, at the direction of the Issuer, shall keep the monies in the Series 2005 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 Investment Management Board. 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 2005 A 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 2005 A Bonds, provide evidence that there will be at least 657 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 2005 A Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed \$235,000 (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 2005 A 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 2005 A Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2005 A Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2005 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 2005 A Bonds.

Section 5.02. Rates. Prior to the issuance of the Series 2005 A Bonds equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2005 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds, including the Prior Bonds.

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 2005 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. In addition, 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 Prior Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 2005 A Bonds are no longer outstanding, the following parity requirement shall be met:

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

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

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

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

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 2005 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 2005 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 2005 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 2005 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior 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 2005 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the registered owners of the Prior 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 2005 A Bonds at the date specified for payment thereof; and

(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 2005 A Bonds 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 Series 2005 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 2005 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 Final Order of the Public Service Commission of West Virginia, entered on October 6, 2004, Case No. 04-0526-PSD-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 sewer bill from a customer served with 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 2005 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 2005 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 2005 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 2005 A Bonds, the Issuer may not defease the Series 2005 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 2005 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 2005 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 21st day of July, 2005.

THE ENLARGED HEPZIBAH PUBLIC SERVICE
WATER DISTRICT

By: 
Its: Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT on the 21st day of July, 2005.

Dated: July 25, 2005.

[SEAL]


Secretary

08/31/04
406790.00003

Resolution

ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT

Water Revenue Note, Series 2003 A

RESOLUTION

RESOLUTION AUTHORIZING THE ISSUANCE BY ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT OF ITS \$142,043 PRINCIPAL AMOUNT WATER REVENUE NOTE, SERIES 2003 A; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH NOTE AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE GOVERNING BODY OF ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), this Resolution is adopted and there is hereby authorized and ordered to be issued the Water Revenue Note, Series 2003 A, of Enlarged Hepzibah Public Service District (the "Issuer"), originally represented by a single Note, in the principal amount of \$142,043 (the "Note"). The Note shall be dated the date of delivery thereof and shall bear interest at the rate of 5.5% per annum. The interest on and principal of the Note shall be payable monthly, amortized equally over six years (72 months). The Note shall be payable solely from surplus revenues derived from the operation of the waterworks facilities of the Issuer, and such surplus revenues are hereby pledged for such payment, subject to any pledge of such surplus revenues heretofore made in connection with any prior bonds, notes or other obligations of the Issuer. The granting of a security interest in the facilities to be purchased with proceeds of the Note is hereby approved.

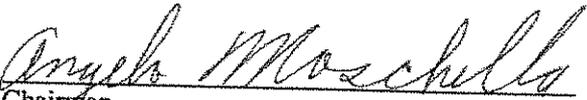
Section 2. The proceeds of the Note shall be used to (i) purchase a telemetry system for the Issuer, (ii) replace certain sections of a water main near the community of Gore, and (iii) to repay an existing \$97,043 loan from Bank One, N.A., with Columbus Ohio as its Main Office ("Bank One").

Section 3. The Note shall be sold to Bank One.

Section 4. This Resolution shall be effective immediately following adoption hereof.

Adopted this 29th day of July, 2003.

ENLARGED HEPZIBAH PUBLIC SERVICE
DISTRICT

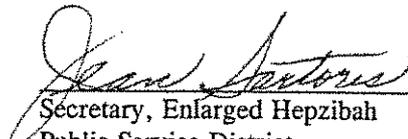

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board
of Enlarged Hepzibah Public Service District on July 29, 2003.

Dated: July 29, 2003.

[SEAL]


Secretary, Enlarged Hepzibah
Public Service District

07/28/03
919120.00156



THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN \$1,900,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A BOND PURCHASE 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 THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 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. The Enlarged Hepzibah Public Service Water District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Harrison County of said State.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants

of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public sewerage facilities of the Issuer, consisting of the expansion of the Issuer's sewerage system in order to serve an additional 49 customers along Farnum Road, the upgrading of two existing wastewater treatment plants located in the Erie and Spelter areas of Harrison County, and the purchase of a 1,500 gallon vacuum sludge truck, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, transportation, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewerage system of the Issuer, the Project and any further additions, betterments and improvements thereto or extensions thereof are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineer, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the total aggregate principal amount of not more than \$1,900,000 (the "Series 2003 A Bonds"), to permanently 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 and eligible under the SRF Program; interest, if any, upon the Series 2003 A Bonds prior to and during acquisition and construction of the Project; not exceeding six (6) months after completion of acquisition and construction of the Project; amounts which may be deposited in the Series 2003 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, 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 2003 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition and construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2003 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after the completion of the Project is not less than 30 years.

F. It is in the best interests of the Issuer that the Series 2003 A Bonds be sold to the Authority pursuant to the terms and provisions of the Bond Purchase Agreement (hereinafter defined), by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), in form satisfactory to the parties thereunder, 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 2003 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Sewer Revenue Note, Series 2002, dated January 10, 2003, issued in the original aggregate principal amount of \$70,000 to Bank One, NA (the "Prior Bonds").

The Series 2003 A Bonds shall be issued on a parity with the Prior Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2003 A Bonds, the Issuer will obtain a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met and the written consent of the Holders of the Prior Bonds to the issuance of the Series 2003 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, to pay the principal of and interest on the Series 2003 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Bond Purchase Agreement relating to authorization of the acquisition and construction of the Project and operation of the System and issuance of the Series 2003 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2003 A Bonds or such final order will not be subject to appeal or rehearing.

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

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2003 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2003 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 2 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 2003 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the 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.

"Bank One" shall mean Bank One, NA, with Columbus, Ohio as its main office, formerly known as Bank One, West Virginia, N.A., who is the holder of the Prior Bonds.

"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 2003 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

"Bond Purchase Agreement" means the Bond Purchase Agreement heretofore entered into, or to be entered into, by and among the Authority, the DEP and the Issuer, providing for the purchase of the Series 2003 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"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 2003 A Bonds for all or a portion of the proceeds of the Series 2003 A Bonds from the Authority.

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

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

"Consulting Engineers" means 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.

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

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

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

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

"Investment Property" means:

- the Code),
- (A) any security (within the meaning of Section 165(g)(2)(A) or (B) of
 - (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 The Enlarged Hepzibah Public Service Water District, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison 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 2003 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2003 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2003 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, 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 or Prior Bonds theretofore and thereupon being authenticated and delivered, except (i) any Bond or Prior Bonds cancelled by the Bond Registrar or registrar for the Prior Bonds at or prior to said date; (ii) any Bond or Prior Bonds for the payment of which monies, equal to its principal amount and redemption premium, if applicable, with interest to the date of maturity or redemption shall be in trust hereunder and set aside for such payment (whether upon or prior to maturity); (iii) any Bond deemed to have been paid

as provided in Article X hereof; (iv) any Prior Bonds deemed to have been paid in accordance with the resolution authorizing the issuance thereof; and (v) for purposes of consents or other action by a specified percentage of Bondholders, or holders of Prior Bonds, any Bonds or Prior Bonds registered to the Issuer.

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2003 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Sewer Revenue Note, Series 2002, dated January 10, 2003, issued in the original aggregate principal amount of \$70,000, described in Section 1.02G hereof.

"Prior Resolutions" means the resolution of the Issuer duly adopted December 23, 2002, authorizing 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, 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 Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at

least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"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 section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2003 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2003 A 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 2003 A Bonds" means the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

"Series 2003 A Bonds Construction Trust Fund" means the Series 2003 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2003 A Bonds Reserve Account" means the Series 2003 A Bonds Reserve Account established in the Series 2003 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2003 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 2003 A Bonds in the then current or any succeeding year.

"Series 2003 A Bonds Sinking Fund" means the Series 2003 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2003 A Bonds and the Prior Bonds.

"SRF Administrative Fee" means any administrative fee required to be paid under the Bond Purchase Agreement for the Series 2003 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 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 2003 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2003 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

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 \$2,054,213, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, hereto filed in the office of the Governing Body. The proceeds of the Series 2003 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the DEP.

The total cost of the Project is estimated not to exceed \$2,054,213, of which an amount not to exceed \$1,900,000 will be obtained from proceeds of the Series 2003 A Bonds and \$154,213 will be obtained pursuant to a grant from the West Virginia Infrastructure and Jobs Development Council.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF BOND PURCHASE AGREEMENT

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2003 A Bonds, funding a reserve account for the Series 2003 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2003 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2003 A Bonds of the Issuer. The Series 2003 A Bonds shall be issued as a single bond, designated as "Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program)," in the principal amount of not more than \$1,900,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2003 A Bonds remaining after funding of the Series 2003 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 2003 A Bonds, if any, shall be deposited in or credited to the Series 2003 A Bonds Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2003 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Bond Purchase Agreement. The Series 2003 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2003 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2003 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached; representing the aggregate principal amount of the Series 2003 A Bonds. The Series 2003 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2003 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 2003 A Bonds shall cease to be such officer of the Issuer before the Series 2003 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2003 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 2003 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2003 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2003 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2003 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2003 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2003 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 2003 A Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be cancelled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

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

Section 3.07. Bonds not to be Indebtedness of the Issuer . The Series 2003 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 2003 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2003 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues: Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2003 A Bonds shall be secured by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. Such Net

Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2003 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2003 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2003 A Bonds to the original purchasers upon receipt of the documents set forth below:

- A. If other than the Authority, a list of the names in which the Series 2003 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;
- B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2003 A Bonds to the original purchasers;
- C. An executed and certified copy of the Bond Legislation;
- D. An executed copy of the Bond Purchase Agreement;
and
- E. The unqualified approving opinion of bond counsel on the Series 2003 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2003 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2003 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT
SEWER REVENUE BOND, SERIES 2003 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1

\$ _____

KNOW ALL MEN BY THESE PRESENTS: That THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison 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____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. 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, 20____, as set forth on said EXHIBIT B.

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 Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2003.

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 and extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2003, and a Supplemental Resolution duly adopted by the Issuer on _____, 2003 (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 NOTE, SERIES 2002, DATED JANUARY 10, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$70,000 (THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 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 2003 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2003 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms

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

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project 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, THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2003.

[SEAL]

Chairman

ATTEST:

Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 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: _____, 2003.

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 Bond Purchase Agreement. The Series 2003 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Bond Purchase Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Bond Purchase 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 Bond Purchase Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Bond Purchase Agreement, including all schedules and exhibits attached hereto, are hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of "Amended Schedule." Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the DEP a schedule, the form 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 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;
- (2) Renewal and Replacement Fund; and
- (3) Series 2003 A 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 2003 A Bonds Sinking Fund; and
- (2) Series 2003 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds .

A. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in this Bond Legislation. All 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 the Operating Expenses of the System.
- (2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to Bank One, the amount required by the Prior Resolutions to pay interest on the Prior Bonds.
- (3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to Bank One, the

amount required by the Prior Resolutions to pay principal of the Prior Bonds; and (ii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2003 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 2003 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, if not fully funded upon issuance of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2003 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 2003 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Renewal and Replacement Fund an amount equal to 2 1/2% of the Gross Revenues each month, 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.

Monies in the Series 2003 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2003 A Bonds, as the same shall become due. Monies in the Series 2003 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2003 A Bonds, as the same shall come due, when other monies in the Series 2003 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2003 A Bonds Construction Trust Fund, and following completion of the construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2003 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2003 A Bonds Reserve Account which result in a reduction in the balance of the Series 2003 A Bonds Reserve Account to below the Series 2003 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2003 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 account in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2003 A Bonds Sinking Fund or the Series 2003 A Bonds Reserve Account therein when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2003 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2003 A Bonds and the Prior Bonds, all in accordance with the respective principal amounts then outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds

Reserve Account shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2003 A Bonds Sinking Fund and the Series 2003 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2003 A Bonds Sinking Fund, and the Series 2003 A Bonds Reserve Account therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2003 A Bonds under the conditions and restrictions herein set forth.

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

C. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month), deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2003 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. 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 Schedule Y attached to the Bond Purchase Agreement.

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

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

F. The monies in excess of the sum insured by the maximum amounts insured by FDIC in all funds and accounts shall at all times be secured, to the full extent

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2003 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2003 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2003 A Bonds, there shall first be deposited with the Commission in the Series 2003 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest.

B. Next, from the proceeds of the Series 2003 A Bonds, there shall be deposited with the Commission in the Series 2003 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2003 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2003 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2003 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 2003 A 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 2003 A 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 2003 A Bonds will be expended and the disbursement procedures for such proceeds, including, if applicable, an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2003 A Bond 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 Bond Purchase Agreement, in compliance with the construction schedule, 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 due and owing.

B. Pending such application, monies in the Series 2003 A Bond Construction Trust Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer . All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2003 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2003 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2003 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer . The Series 2003 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2003 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2003 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds. The payment of the debt service of the Series 2003 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System, on a parity with the lien on such Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2003 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges . The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Bond Purchase Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Commission Order of the Public Service Commission of West Virginia entered June 6, 2003, as modified by that certain Commission Order entered July 3, 2003, in Case No. 03-0174-PSD-CN, and such rates are hereby adopted.

So long as the Series 2003 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Bond Purchase Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2003 A Bonds shall prove to be insufficient to produce the amounts required by this Bond Legislation and the Bond Purchase Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates and charges and take all such actions necessary to provide funds sufficient to produce the amounts required by this Bond Legislation and the Bond Purchase Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of the System, or any part thereof, except as provided in the Prior Resolutions. Additionally, so long as the Series 2003 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the DEP, 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 2003 A Bonds, immediately be remitted to the Commission for deposit in the Series 2003 A Bonds Sinking Fund, 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 2003 A Bonds. Any balance remaining after the payment of the Series 2003 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of \$10,000, 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 of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of \$50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2003 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2003 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2003 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2003 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2003 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2003 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the DEP and the Authority under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2003 A Bonds.

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

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

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

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2003 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2003 A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the DEP, 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 DEP such documents and information as they may reasonably require in connection with the acquisition and construction of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

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

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

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

The Issuer shall file with the Authority and the DEP, or any other original purchaser of the Series 2003 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2003 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants 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 2003 A Bonds, and shall submit said report to the Authority and the DEP, or any other original purchaser of the Series 2003 A Bonds. Such audit report submitted to the Authority and the DEP shall include a statement that the Issuer is in compliance with the terms and provisions of the Bond Purchase Agreement, the Act and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Bond Purchase 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 and commencement of operation of the Project, the Issuer shall also provide the Authority and the DEP, or their agents and representatives, access to the System site and facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the DEP 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 Bond Purchase Agreement or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2003 A Bonds equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2003 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2003 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2003 A Bonds Reserve Account and the Reserve Accounts for obligations on a parity with the Series 2003 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2003 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2003 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the DEP within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the DEP and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the DEP 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 Bond Purchase Agreement as Exhibit B, and forward a copy of such report to the Authority and the DEP 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 Bond Purchase 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 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 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 Bond Purchase Agreement 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 Bond Purchase Agreement. The Issuer shall notify the DEP in writing of the certified operator employed at the 50% completion stage.

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

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

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

If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2003 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

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

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

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

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

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

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

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

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such

coverage are satisfactory to the Authority and the DEP and the Issuer shall verify such insurance prior to commencement of construction. In the event the Bond Purchase Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.17. Completion and Operation of Project; Permits and Orders.

The Issuer will complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the West Virginia Infrastructure and Jobs Development Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2003 A 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 2003 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 2003 A Bonds during the term thereof is, under the terms of the Series 2003 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 2003 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 2003 A Bonds during the term thereof is, under the terms of the Series 2003 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 2003 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 2003 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the

Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or \$5,000,000 of the Net Proceeds of the Series 2003 A Bonds 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 2003 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2003 A Bonds and the interest thereon including, without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest on the Series 2003 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2003 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2003 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.20. Compliance with Bond Purchase Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Bond Purchase 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 Authority, the DEP 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 2003 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the DEP for written approval. The Issuer shall obtain the written approval of the DEP before expending any proceeds of the Series 2003 A Bonds held in "contingency" as set forth in the Schedule attached to the Certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the DEP before expending any proceeds of the Series 2003 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding as being 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

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2003 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2003 A Bonds as a condition to issuance of the Series 2003 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2003 A Bonds as may be necessary in order to maintain the status of the Series 2003 A Bonds as governmental bonds; (ii) that

it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2003 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the DEP, as the case may be, from which the proceeds of the Series 2003 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council 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 2003 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2003 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2003 A Bonds;
or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2003 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2003 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 2003 A Bonds shall be on a parity with the Holders of the Prior Bonds.

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

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

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

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

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

ARTICLE X

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 2003 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2003 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2003 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2003 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2003 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2003 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2003 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2003 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2003 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2003 A Bonds.

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

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

ISSUER:

The Enlarged Hepzibah Public Service Water District
Drawer H
Hepzibah, West Virginia 26369
Attention: Howard Mall, Manager

AUTHORITY:

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

DEP:

West Virginia Department of Environmental Protection
1560 Kanawha Boulevard, East
Charleston, West Virginia 25301

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

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

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

Section 11.08. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in The Enlarged Hepzibah Public Service Water District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2003 A Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2003 A Bonds 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 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 22nd day of September, 2003.


Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT on the 22nd day of September, 2003.

Dated: September 23, 2003.

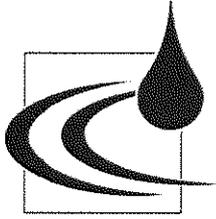
[SEAL]


Secretary

EXHIBIT A

Bond Purchase Agreement included in bond transcript as Document 3.

RESERVED



WEST VIRGINIA

Water Development Authority

Celebrating 31 Years of Service 1974 - 2005

July 25, 2005

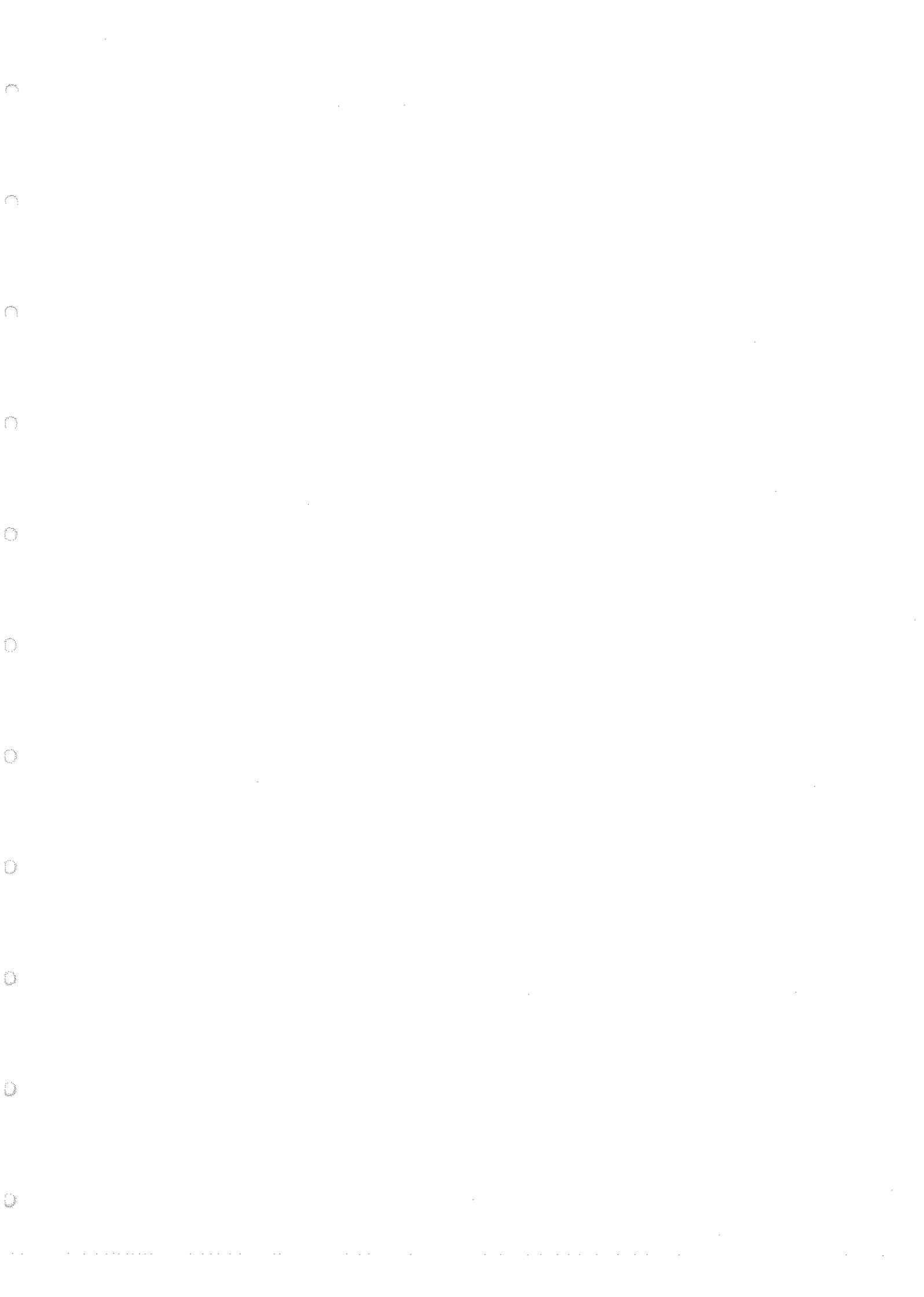
The Enlarged Hepzibah Public Service Water District
Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Prior Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Revenue Bonds, Series 2005 A (United States Department of Agriculture) (the "Series 2005 A Bonds"), in the original aggregate principal amount of \$235,000, by The Enlarged Hepzibah Public Service Water District (the "Issuer"), under the terms of the resolution authorizing the Series 2005 A Bonds on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated September 23, 2003, issued in the original aggregate principal amount of \$1,900,000 (the "Prior Bonds"). This consent has been granted in reliance upon the certificate of Tetrick, Bartlett PLLC, independent certified public accountant, that the Issuer has met the coverage and parity tests set forth in the Resolution authorizing the Prior Bonds and the opinion of Steptoe & Johnson PLLC, regarding the parity portion of the Prior Bonds, both of even date herewith.


Authorized Representative

180 Association Drive, Charleston, WV 25311-1217
phone (304) 558-3612 / fax (304) 558-0299
www.wwwda.org



PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: September 16, 2004

FINAL

10-6-04

CASE NO. 04-0526-PSD-CN

ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT

Application for a certificate of convenience and necessity to construct an expansion of the District's existing sewer system to serve the Lambert's Run area.

RECOMMENDED DECISION

On April 8, 2004, the Enlarged Hepzibah Public Service District ("District"), by counsel Harold S. Yost, filed with the Public Service Commission ("Commission") an application for a certificate of convenience and necessity to construct an expansion of the District's existing sewer system in the Lambert's Run area, adding approximately 12,000 linear feet of four, six and eight-inch sewer line. The District estimates that construction will cost approximately \$855,000. The project will add forty-eight new customers. The District proposed to finance the construction with a \$620,000 grant and a \$235,000 loan from the Rural Utilities Service. The District requested that its rates be increased by approximately 3%.

Also on April 8, 2004, the Commission ordered the District to publish a Notice of Filing. The cover letter to the order notified the District that it was also required to notify each of its customers individually of the proposed rate increase.

On April 23, 2004, Staff Attorney Leslie J. Anderson filed an Initial Joint Staff Memorandum, with an attached memorandum from Jefferson E. Brady, of the Engineering Division, and Scott McNeely, of the Water and Wastewater Division.

On May 5, 2004, the Commission, by Order, referred this matter to the Division of Administrative Law Judges ("ALJ Division") for decision on or before November 4, 2004.

On June 25, 2004, Ms. Anderson filed a Final Joint Staff Memorandum, recommending that the application be granted and the project and its funding approved. Staff also recommended that

the rate increases requested by the District be approved, clarifying that a rate increase of 42% was approved in Case No. 03-0174-PSD-CN (2003), involving upgrading two treatment plants and expanding the District's sewer system in the Farnum Road area. Staff further recommended that the leak adjustment rate be increased from \$1.03 to \$1.08 per thousand gallons and that the District's returned check charge be increased from a maximum of \$15 to a maximum of \$25.

On July 21, 2004, the District advised the Commission that it was in the process of mailing the required notice to all of its sewer customers, including the new customers of the Farnum Road project.

On July 27, 2004, one protest was filed, protesting "any and all increases to my sewage rates."

On July 29, 2004, the District, by counsel, filed an affidavit of publication of the Notice of Filing on June 30 and July 7, 2004, in The Exponent-Telegram, published in Clarksburg, Harrison County. Also filed was an affidavit from the manager of the District establishing that the District had mailed a copy of the Notice of Filing to each of its customers.

Also on July 29, 2004, a protest was filed, contending that the District "is a business just like Walmart and whenever Walmart (or any other business[,] for that matter) expan[ds its] operations we do not have to pay for it. Their expansion should come out of their profits, not out of our wallets."

On August 2 and 3, 2004, two protests to the rate increases were filed. A petition signed by forty-two individuals, also protesting the proposed rates, were filed.

On August 3, 2004, the undersigned ALJ issued a Procedural Order that included the following discussion:

A public service district is not a for-profit business, of course. Nevertheless, three protests have been filed, and W.Va. Code §24-2-11 allows waiver of formal hearing only "if no protest is received within thirty days after notice is given[.]" Hearing will be scheduled, and the District will be required to publish notice of the hearing, as hereinafter ordered.

Perhaps it should be noted that the rates approved in Case No. 03-0174-PSD-CN (2003) are not yet in effect, although the District reported in July that the project was nearing completion. See July 29, 2004 Commission Order in that matter.

Hearing was scheduled for 1:00 p.m. on September 2, 2004, in Clarksburg-Harrison Library, Public Meeting Room -Waldomore, 404 W. Pike Street, Clarksburg, West Virginia. The District was

ordered to cause to be published, no earlier than August 12, 2004, or later than August 27, 2004, in a newspaper in Harrison County, a Notice of Hearing, which was attached to the order.

Hearing was held as scheduled. Mr. Yost appeared on behalf of the District and Ms. Anderson appeared on behalf of Staff. They confirmed that there was no dispute between the District and Staff. (Tr. 6). No protestant appeared. (Tr. 6). The Final Joint Staff Memorandum was entered into evidence as Staff Exhibit 1. Upon inquiry by the undersigned, Dave Watson, the engineer on the project, clarified that the District has not yet received a permit from the Division of Highways, which Staff had noted was outstanding in its report, and that a Division of Environmental Protection NPDES permit modification also was outstanding. He expected that both permits would be issued shortly. (Tr. 7-8).

On September 7, 2004, the District filed an affidavit establishing that the Notice of Hearing had been published on August 12, 2004, in The Exponent-Telegram.

On September 14, 2004, the transcript was filed.

FINDINGS OF FACT

1. On April 8, 2004, Enlarged Hepzibah Public Service District filed with the Public Service Commission an application for a certificate of convenience and necessity to construct an expansion of its existing sewage system in the Lambert's Run area, Harrison County, West Virginia. The District requested that its sewer rates be increased by approximately 3%. (See application).

2. The District published the Notice of Filing on June 30 and July 7, 2004, in The Exponent-Telegram, published in Harrison County. The District also provided a copy of the Notice of Filing to each of its customers. (See July 29, 2004 filings).

3. Protests were filed to the District's increasing its sewer rates, and hearing was scheduled for September 2, 2004. The District published a Notice of Hearing in The Exponent-Telegram on August 12, 2004. No protestant appeared at the hearing. (See case file generally; August 3, 2004 Procedural Order; Tr. September 7, 2004 filing).

4. The project will expand the District's sewer system to serve an additional forty-eight customers in the Lambert's Run area, and will add approximately 12,000 linear feet of sewer line to the system. (See application; Staff Ex. 1).

5. The estimated total cost of the project is \$855,000, including \$601,874 in estimated total construction costs. (See application; Staff Ex. 1).

6. The project will be financed by a \$620,000 grant and a \$235,000 loan from the United States Department of Agriculture Rural Utilities Service. The loan is payable over forty years at a 4.5% interest rate. (See commitment letter filed with application; Staff Ex. 1).

7. With two exceptions, all needed permits for the project have been received by the District, including Permit No. 15,870, issued on December 3, 2003 by the State of West Virginia Office of Environmental Health Service Permit and WV/NPDES Permit No. WV0115924, issued on January 19, 2004 by the West Virginia Division of Environmental Protection. Outstanding is a modification to the WV/NPDES permit and a permit from the West Virginia Division of Highways. (See permits filed with application; Staff Ex. 1; Tr. 6-7).

8. The project is needed because the residents to be served by it presently discharge sewage into septic systems or directly into a nearby stream. Staff recommended that the application be granted, and the project and funding be approved. Staff also recommended that the proposed rates be approved, as well as increases in the District's leak adjustment rate and returned check charge, as provided in Appendix A hereto. (See Staff Ex. 1; Appendix A).

CONCLUSIONS OF LAW

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

2. It is appropriate to grant the application and approve the project, contingent upon receipt by the District of all necessary outstanding permits from regulatory agencies; to approve its funding; and to approve the proposed and Staff-recommended rates because they provide revenue sufficient, but not more than sufficient, to cover the District's expenses and debt service; and because no protestant appeared at the hearing.

ORDER

IT IS, THEREFORE, ORDERED that the application for a certificate of convenience and necessity filed by Enlarged Hepzibah Public Service District on April 8, 2004, to expand the District's sewer system in the Lambert's Run area is granted and the project is approved, contingent upon receipt by the District of all necessary outstanding permits from regulatory agencies.

IT IS FURTHER ORDERED that the funding for the project, a \$620,000 grant and a \$235,000 loan from the United States Department of Agriculture Rural Utilities Service, payable over forty years at a 4.5% interest rate, 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 \$855,000, Enlarged Hepzibah 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 Enlarged Hepzibah 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 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
040526aa.wpd

ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT
CASE NO. 04-0526-PSD-CN
APPROVED TARIFF

APPLICABILITY

Applicable within the entire territory served

AVAILABILITY

Available for general domestic, commercial and industrial service

RATE

\$7.107 per thousand gallons used per month
\$5.33 per hundred cubic feet used per month

MINIMUM CHARGE

No bill will be issued for less than \$21.32
(Based upon 3,000 gallons usage)
(Based upon 400 cubic feet usage)

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 \$200.00 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

If a check received is returned by the bank for any reason, the bank's charge to the District shall be the District's charge to the customer for such a bad check, but such charge to the customer shall not exceed \$25.00.

INCREMENTAL COST OF WASTEWATER TREATMENT

\$1.08 per M. gallons OR per 133 Cubic Feet. 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.

SURCHARGE FOR ROOF DRAINS, DOWN SPOUTS, STORM SEWERS OR SIMILAR FACILITIES CONNECTED TO THE ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT SANITARY SEWER SYSTEM

Applicable to all owners of property served by the Enlarged Hepzibah Public Service District sewer system.

Wherever the Enlarged Hepzibah Public Service District has determined by smoke testing, dye testing or on-site inspection that surface or storm runoff is being introduced into the sanitary sewer system through customer service lines, it will provide notice to the owner of the property by certified mail, return receipt requested, or by hand delivery that the owner has thirty (30) days to divert the water from the sanitary sewer. After thirty days, the District will add a surcharge to the customer's bill, where the customer of record is the property owner, or will commence billing the property owner, where the customer of record is a tenant. This surcharge will continue until the property owner diverts the water from the sanitary sewer. The surcharge will be calculated on the basis of the following formula and will not be cumulative upon any metered or flat rate sewer service charge:

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

- S - The surcharge in dollars.
- A - The area under roof in square feet.
- R - The measured monthly rainfall, in inches
- .0006233 - A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water
- C - The District's approved rate per thousand gallons of wastewater treated.

**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 21st day of July, 2005.

CASE NO. 04-0526-PSD-CN (Reopened)

**ENLARGED HEPZIBAH PUBLIC SERVICE
DISTRICT**

Petition to reopen.

COMMISSION ORDER

By Recommended Decision entered on September 16, 2004 (Final October 6, 2004) the Enlarged Hepzibah Public Service District (District) was granted a certificate of convenience and necessity to expand its sewer system in the Lambert's Run area, contingent upon receipt by the District of all necessary outstanding permits from regulatory agencies. Funding was approved which consisted of a \$620,000 United States Department of Agriculture Rural Utilities Service (RUS) grant and a \$235,000 RUS loan, payable over forty years at a 4.5% interest rate. Rates were also approved for use by the District upon completion of the project.

On July 7, 2005, the District filed a petition to reopen for expedited approval of revised financing. Due to a bid overrun, an additional \$70,000 RUS grant was obtained by the District. According to the District, the total cost of the project is now \$925,000.

On July 12, 2005, a copy of RUS amended letter of commitment was filed.

On July 15, 2005, Commission Staff filed an Initial and Final Joint Staff Memorandum, explaining that the additional grant will not affect the previously approved rates. Staff recommended approval of the District's petition. Staff also recommended that the Recommended Decision remain in full force and effect except as modified.

DISCUSSION

Upon review of all of the foregoing, the Commission finds that the District's petition for revised funding should be granted, consisting of an additional \$70,000 RUS grant.

FINDINGS OF FACT

1. By Recommended Decision entered on September 16, 2004 (Final October 6, 2004) the District was granted a certificate of convenience and necessity to expand its sewer system in the Lambert's Run area, contingent upon receipt by the District of all necessary outstanding permits from regulatory agencies. Funding was approved which consisted of a \$620,000 RUS grant and a \$235,000 RUS loan, payable over forty years at a 4.5% interest rate.
2. On July 7, 2005, due to a bid overrun, the District filed a petition to reopen for expedited approval of revised financing. An additional \$70,000 RUS grant was obtained by the District.
3. On July 12, 2005, a copy of RUS's amended letter of commitment was filed.
4. On July 15, 2005, Staff recommended approval of the District's petition. Staff also recommended that the Recommended Decision remain in full force and effect except as modified.

CONCLUSION OF LAW

The District's petition for revised funding should be granted, consisting of an additional \$70,000 RUS grant.

ORDER

IT IS, THEREFORE, ORDERED that the Enlarged Hepzibah Public Service District's petition to reopen is hereby granted.

IT IS FURTHER ORDERED that the Enlarged Hepzibah Public Service District's petition for revised financing, consisting of an additional \$70,000 RUS grant, is hereby approved.

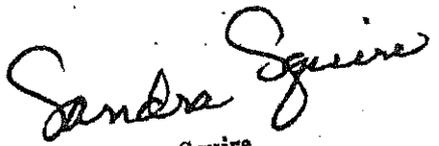
IT IS FURTHER ORDERED that in the event of any change to the funding, terms of financing, plans, or scope of the approved project, the Enlarged Hepzibah Public Service District shall petition the Commission to reopen this proceeding for approval of the same.

IT IS FURTHER ORDERED that the Recommended Decision entered on September 16, 2004 (final October 6, 2004) remains in full force and effect except as modified herein.

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

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

A True Copy, Teste:


Sandra Squire
Executive Secretary

TBS/ljm
040526ca.wpd

LOAN RESOLUTION
(Public Bodies)A RESOLUTION OF THE Board of DirectorsOF Enlarged Hepzibah PSDAUTHORIZING AND PROVIDING FOR THE INCURRENCE OF INDEBTEDNESS FOR THE PURPOSE OF PROVIDING A PORTION OF THE COST OF ACQUIRING, CONSTRUCTING, ENLARGING, IMPROVING, AND/OR EXTENDING ITS Lamberts Run Extension

FACILITY TO SERVE AN AREA LAWFULLY WITHIN ITS JURISDICTION TO SERVE.

WHEREAS, it is necessary for the Enlarged Hepzibah PSD
(Public Body)

(herein after called Association) to raise a portion of the cost of such undertaking by issuance of its bonds in the principal amount of

TWO HUNDRED THIRTY-FIVE THOUSAND AND XX / 100 DOLLARSpursuant to the provisions of Chapter 16, Article 13A, of the West Virginia Code; and

WHEREAS, the Association intends to obtain assistance from the United States Department of Agriculture, (herein called the Government) acting under the provisions of the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) in the planning, financing, and supervision of such undertaking and the purchasing of bonds lawfully issued, in the event that no other acceptable purchaser for such bonds is found by the Association:

NOW THEREFORE, in consideration of the premises the Association hereby resolves:

1. To have prepared on its behalf and to adopt an ordinance or resolution for the issuance of its bonds containing such items and in such forms as are required by State statutes and as are agreeable and acceptable to the Government.
2. To refinance the unpaid balance, in whole or in part, of its bonds upon the request of the Government if at any time it shall appear to the Government that the Association is able to refinance its bonds by obtaining a loan for such purposes from responsible cooperative or private sources at reasonable rates and terms for loans for similar purposes and periods of time as required by section 333(c) of said Consolidated Farm and Rural Development Act (7 U.S.C. 1983(c)).
3. To provide for, execute, and comply with Form RD 400-4, "Assurance Agreement," and Form RD 400-1, "Equal Opportunity Agreement," including an "Equal Opportunity Clause," which clause is to be incorporated in, or attached as a rider to, each construction contract and subcontract involving in excess of \$10,000.
4. To indemnify the Government for any payments made or losses suffered by the Government on behalf of the Association. Such indemnification shall be payable from the same source of funds pledged to pay the bonds or any other legally permissible source.
5. That upon default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained herein or in the instruments incident to making or insuring the loan, the Government at its option may (a) declare the entire principal amount then outstanding and accrued interest immediately due and payable, (b) for the account of the Association (payable from the source of funds pledged to pay the bonds or any other legally permissible source), incur and pay reasonable expenses for repair, maintenance, and operation of the facility and such other reasonable expenses as may be necessary to cure the cause of default, and/or (c) take possession of the facility, repair, maintain, and operate or rent it. Default under the provisions of this resolution or any instrument incident to the making or insuring of the loan may be construed by the Government to constitute default under any other instrument held by the Government and executed or assumed by the Association, and default under any such instrument may be construed by the Government to constitute default hereunder.
6. Not to sell, transfer, lease, or otherwise encumber the facility or any portion thereof, or interest therein, or permit others to do so, without the prior written consent of the Government.
7. Not to defease the bonds, or to borrow money, enter into any contractor agreement, or otherwise incur any liabilities for any purpose in connection with the facility (exclusive of normal maintenance) without the prior written consent of the Government if such undertaking would involve the source of funds pledged to pay the bonds.
8. To place the proceeds of the bonds on deposit in an account and in a manner approved by the Government. Funds may be deposited in institutions insured by the State or Federal Government or invested in readily marketable securities backed by the full faith and credit of the United States. Any income from these accounts will be considered as revenues of the system.
9. To comply with all applicable State and Federal laws and regulations and to continually operate and maintain the facility in good condition.
10. To provide for the receipt of adequate revenues to meet the requirements of debt service, operation and maintenance, and the establishment of adequate reserves. Revenue accumulated over and above that needed to pay operating and maintenance, debt service and reserves may only be retained or used to make prepayments on the loan. Revenue cannot be used to pay any expenses which are not directly incurred for the facility financed by USDA. No free service or use of the facility will be permitted.

- 11. To acquire and maintain such insurance and fidelity bond coverage as may be required by the Government.
- 12. To establish and maintain such books and records relating to the operation of the facility and its financial affairs and to provide for required audit thereof as required by the Government, to provide the Government a copy of each such audit without its request, and to forward to the Government such additional information and reports as it may from time to time require.
- 13. To provide the Government at all reasonable times access to all books and records relating to the facility and access to the property of the system so that the Government may ascertain that the Association is complying with the provisions hereof and of the instruments incident to the making or insuring of the loan.
- 14. That if the Government requires that a reserve account be established, disbursements from that account(s) may be used when necessary for payments due on the bond if sufficient funds are not otherwise available and prior approval of the government is obtained. Also, with the prior written approval of the Government, funds may be withdrawn and used for such things as emergency maintenance, extensions to facilities, and replacement of short lived assets.
- 15. To provide adequate service to all persons within the service area who can feasibly and legally be served and to obtain USDA's concurrence prior to refusing new or adequate services to such persons. Upon failure to provide services which are feasible and legal, such person shall have a direct right of action against the Association or public body.
- 16. To comply with the measures identified in the Government's environmental impact analysis for this facility for the purpose of avoiding or reducing the adverse environmental impacts of the facility's construction or operation.
- 17. To accept a grant in an amount not to exceed \$ 620,000.00

under the terms offered by the Government; that Chairman

and _____ of the Association are hereby authorized and empowered to take all action necessary or appropriate in the execution of all written instruments as may be required in regard to or as evidence of such grant; and to operate the facility under the terms offered in said grant agreement(s).

The provisions hereof and the provisions of all instruments incident to the making or the insuring of the loan, unless otherwise specifically provided by the terms of such instrument, shall be binding upon the Association as long as the bonds are held or insured by the Government or assignee. The provisions of sections 6 through 17 hereof may be provided for in more specific detail in the bond resolution or ordinance; to the extent that the provisions contained in such bond resolution or ordinance should be found to be inconsistent with the provisions hereof, these provisions shall be construed as controlling between the Association and the Government or assignee.

Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the Board of Directors of the

Enlarged Hepzibah PSD has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 9th day of September 2002

Enlarged Hepzibah PSD

By Angelo Moschella

Title Chairman

(SEAL)

Attest:

Jean Bertone

Title

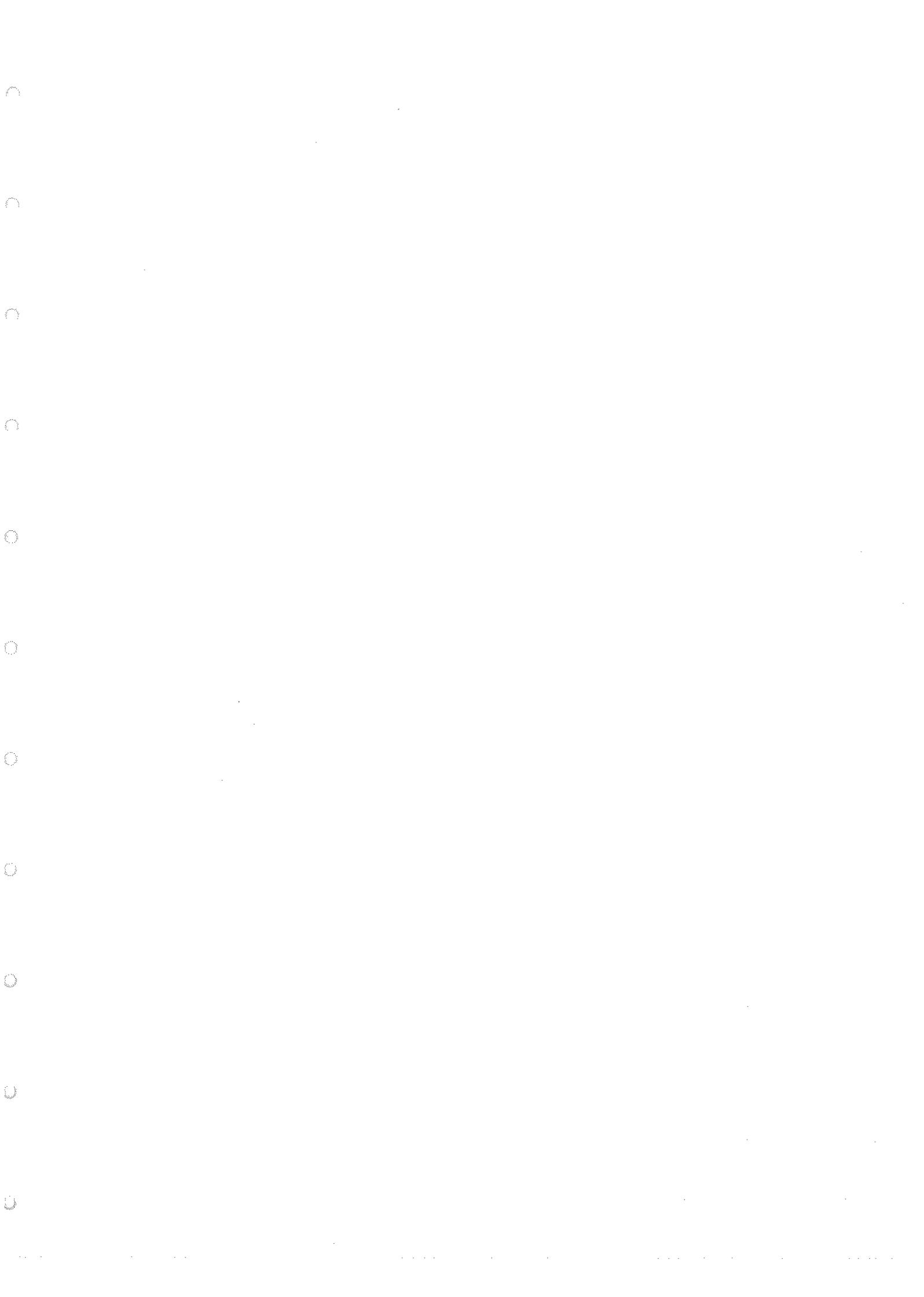
Secretary

CERTIFICATION TO BE EXECUTED AT LOAN

I, the undersigned, as Chairman of the Enlarged Hepzibah PSD
 hereby certify that the Board of Directors of such Association is composed of
3 members, of whom 2 constituting a quorum, were present at a meeting thereof duly called and
 held on the 9th day of September 2002; and that the foregoing resolution was adopted at such meeting
 by the vote shown above, I further certify that as of July 25, 2005,
 the date of closing of the loan from the United States Department of Agriculture, said resolution remains in effect and has not been
 rescinded or amended in any way.

Dated, this 25th day of July 2005

L. A. Mans
 Title Chairman Hepzibah
PSD



The Enlarged Hepzibah Public Service Water District
Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

RECEIPT FOR BOND

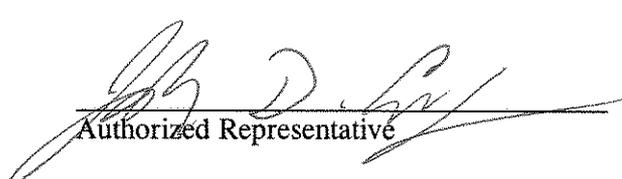
The undersigned, authorized representative of the United States Department of Agriculture, Rural Utilities Service, for and on behalf of the United States of America (the "Purchaser"), hereby certifies as follows:

1. On the 25th day of July, 2005, at Hepzibah, West Virginia, the undersigned received for the Purchaser the single, fully registered The Enlarged Hepzibah Public Service Water District Sewer Revenue Bonds, Series 2005 A (United States Department of Agriculture), No. AR-1, in the principal amount of \$235,000 (the "Bonds"), dated the date hereof, bearing interest at the rate of 4.125% per annum, payable in monthly installments as stated in the Bonds. The Bonds represent the entire above-captioned Bond issue.

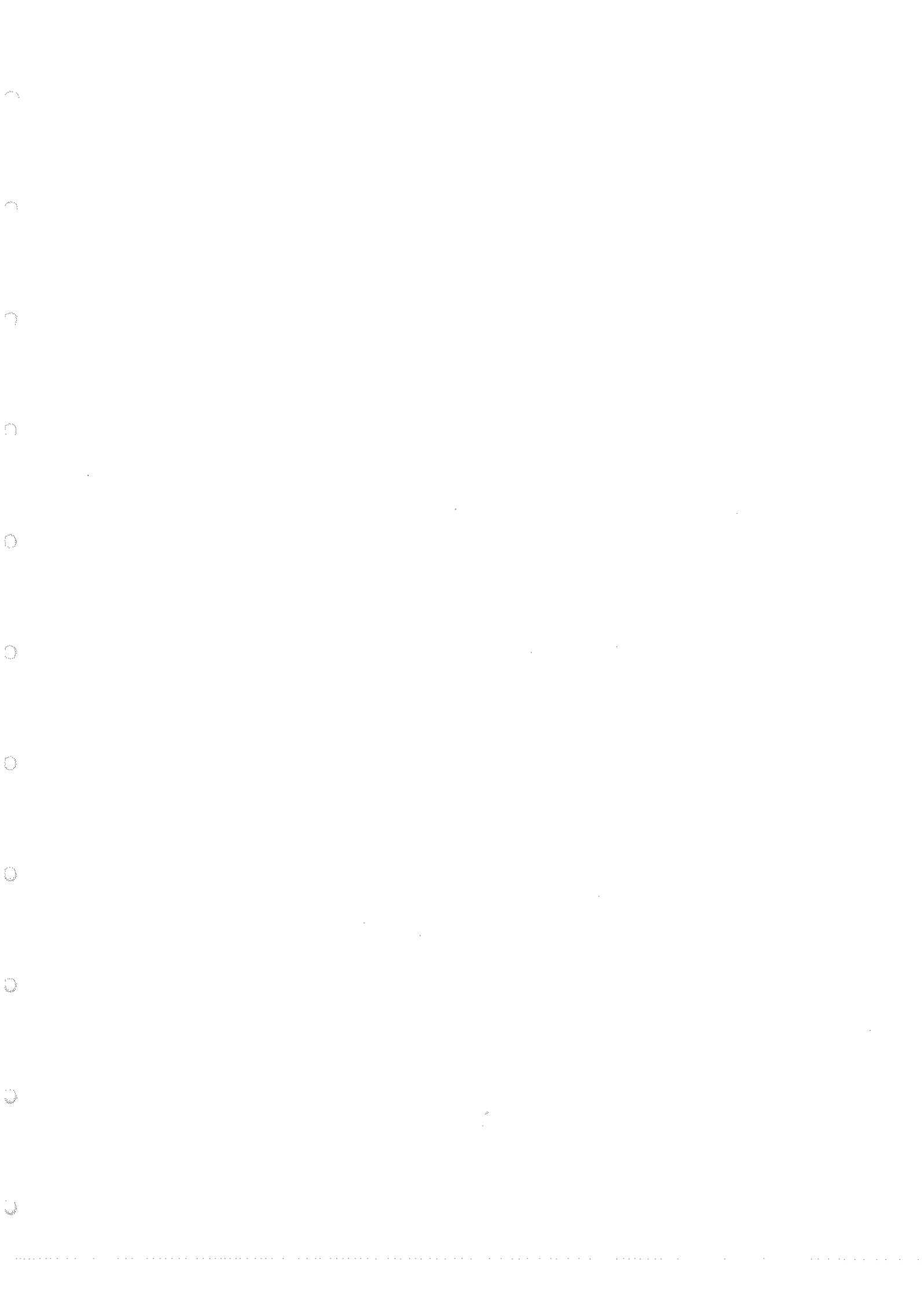
2. At the time of such receipt, the Bonds had been executed and sealed by the designated officials of the Public Service Board of The Enlarged Hepzibah Public Service Water District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of \$53,500, being a portion of the principal amount of the Bonds. Further advances of the balance of the principal amount of the Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

WITNESS my signature on this 25th day of July, 2005.


Authorized Representative

406790.00003



SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT
SEWER REVENUE BONDS, SERIES 2005 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

\$235,000

No. AR-1

Date: July 25, 2005

FOR VALUE RECEIVED, on this the 25th day of July, 2005, THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER 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 TWO HUNDRED THIRTY-FIVE THOUSAND DOLLARS (\$235,000), plus interest on the unpaid principal balance at the rate of 4.125% 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 \$1,023, 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 sewerage 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 July 21, 2005, 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.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE FOLLOWING SEWER REVENUE BONDS OF THE BORROWER:

- 1) SEWER REVENUE NOTE, SERIES 2002, DATED JANUARY 10, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$70,000; AND
- 2) SEWER REVENUE BONDS, SERIES 2003 A, DATED SEPTEMBER 23 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF \$1,900,000;

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

[Remainder of Page Intentionally Left Blank]

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

THE ENLARGED HEPZIBAH PUBLIC SERVICE
WATER DISTRICT

[CORPORATE SEAL]



Chairman, Public Service Board
The Enlarged Hepzibah Public Service District
Drawer H
Hepzibah, West Virginia 26369

ATTEST:



Secretary, Public Service Board

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) \$ 53,500	July 25, 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 \$ _____

(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:





Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

Bank One Center, 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

July 25, 2005

The Enlarged Hepzibah Public Service Water District
Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

The Enlarged Hepzibah Public Service Water District
Hepzibah, West Virginia

United States Department of Agriculture
Beckley, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by The Enlarged Hepzibah Public Service Water District in Harrison County, West Virginia (the "Issuer"), of its \$235,000 Sewer Revenue Bonds, Series 2005 A (United States Department of Agriculture), dated the date hereof (the "Bonds"), pursuant to Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a resolution of the Issuer duly adopted July 21, 2005 (the "Resolution"). We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the representations of the Issuer contained in the Resolution and in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion, under existing law, as follows:

1. The Issuer is a duly created and validly existing public service district and as a public corporation and a political subdivision of the State of West Virginia, with corporate power to adopt the Resolution, perform the agreements on its part contained therein and issue the Bonds.
2. The Resolution has been duly adopted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Resolution creates a valid lien on the funds pledged by the Resolution for the security of the Bonds on a parity with the Issuer's Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Sewer Revenue Note, Series 2002, dated January 10, 2003, issued in the original aggregate principal amount of \$70,000 to Bank One, National Association and the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated September 23, 2003, issued in the original aggregate principal amount of \$1,900,000 (collectively, 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 2005 A Bonds as to liens, pledge and/or source of and security for payment.

4. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the sources provided therefor in the Resolution.

5. The Bonds have not been issued on the basis that the interest thereon is or will be excluded from gross income for federal income tax purposes; therefore, the interest on the Bonds is not excluded from gross income for federal income tax purposes. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

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

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

Very truly yours,



STEPTOE & JOHNSON PLLC

Harold S. Yost
Attorney at Law
126 Main Street
Bridgeport, West Virginia 26330
Phone: (304) 842-7800 Fax: (304) 842-6259

July 25, 2005

The Enlarged Hepzibah Public Service Water District
Sewer Revenue Bonds, Series 2005 A
(United State Department of Agriculture)

The Enlarged Hepzibah Public Service Water District
Hepzibah, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

I am counsel to The Enlarged Hepzibah Public Service Water District, a public service district in Harrison County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a resolution of the Issuer duly adopted July 21, 2005 (the "Resolution"), other documents and papers relating to the Issuer and the above-captioned Bonds of the Issuer (the "Bonds"), and documents and orders of The County Commission of Harrison County relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used in the Resolution and not otherwise defined herein shall have the same meanings as defined in the Resolution when used herein.

I am of the opinion that:

1. The Issuer is duly created and validly existing as a public service district and as a public corporation and political subdivision of the State of West Virginia.
2. The members and officers of the Public Service Board of the Issuer have been duly, lawfully and properly appointed and elected, have taken the requisite oaths, and are authorized to act in their respective capacities on behalf of the Issuer.

Enlarged Hepzibah Public Service Water District, et al.
July 25, 2005

Page 2

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

4. The execution and delivery of the Bonds and the consummation of the transactions contemplated by the Bonds and the Resolution, and the carrying out of the terms thereof, do not and will not, in any way material respect, to the best of my knowledge, conflict with or constitute, on the part of the Issuer, a breach of or default under any agreement, document, or instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, rule, order or decree to which the Issuer is subject.

5. All permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the acquisition and construction of the Project, the operation of the System and the imposition of rates and charges have been entered and/or received, including, without limitation, the receipt of all requisite orders, certificates, consents and approvals from The County Commission of Harrison County, and the Public Service Commission of West Virginia, the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has duly published a notice of the acquisition and construction of the Project, the issuance of the Bonds and related matters, as required under Chapter 16, Article 13A, Section 25 of the West Virginia Code of 1931, as amended, and has duly complied with the provisions thereof.

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

7. Enlarged Hepzibah Public Service District filed a condemnation suit against Mary E. Chapman and Denver F. Johnson being Civil Action No. 05-C-376-2 for a proposed 20' Permanent Sanitary Sewer Easement and a 30' Temporary Construction Easement, situate along Harrison County Route 19/7, Eagle

Enlarged Hepzibah Public Service Water District, et al.
July 25, 2005

Page 3

District, Harrison County, West Virginia. The right of entry for said condemnation was entered by the Circuit Court of Harrison County, West Virginia, on July 18, 2005. A copy of said description and right of entry are attached hereto.

Very truly yours,

A handwritten signature in cursive script that reads "Harold S. Yost".

Harold S. Yost, Esquire

HSY:blb

EXHIBIT A

HEPZIBAH PUBLIC SERVICE DISTRICT
SANITARY SEWER EASEMENT

from

MARY ELIZABETH CHAPMAN & DENVER F. TUCKER JOHNSON
TAX MAP 227 P/O PARCELS 63 & 64
DEED BOOK 1325 PAGE 830, 823

A PROPOSED 20' PERMANENT SANITARY SEWER EASEMENT AND A 30' TEMPORARY CONSTRUCTION EASEMENT, SITUATE ALONG HARRISON COUNTY ROUTE 19/7, EAGLE DISTRICT, HARRISON COUNTY, WEST VIRGINIA, THE CENTER OF WHICH BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Beginning at a point within the right-of-way of Harrison County Route 19/37 near the lands of Mary Elizabeth Chapman and Denver F. Tucker Johnson (Tax Map 227 Parcels 63 & 64, Deed Book 1325 at Pages 823, 830);

Thence, through said right-of-way of Harrison County Route 19/7, North 88 degrees 00 minutes 54 seconds East, a distance of 82 feet, more or less, to a point at the intersection of said Harrison County Route 19/37 and Harrison County Route 19/7;

Thence, continuing partially through said right-of-way of Harrison County Route 19/7 and through said Chapman and Johnson, North 43 degrees 45 minutes 00 seconds East passing the northerly right-of-way line of said Harrison County Route 19/7 at a distance of 6 feet, more or less, a total distance of 104 feet, more or less, to a point;

Thence, North 68 degrees 36 minutes 03 seconds East, a distance of 246 feet, more or less, to a point;

Thence, North 50 degrees 02 minutes 20 seconds East, a distance of 92 feet, more or less, to a point on the line of Melvin and Ellen Cunningham (Tax Map 227 Parcel 65, Deed Book 1156 at Page 961).

The Permanent Sanitary Sewer Easement shall be Twenty (20) feet in width; Ten (10) feet on each side of the above described centerline, containing a total area of 9,274 square feet as shown on a plat attached hereto and made a part of this description.

The Temporary Construction Easement shall be Thirty (30) feet in width; Fifteen (15) feet on each side of the above described centerline, containing a total area of 4,731 square feet as shown on a plat attached hereto and made a part of this description.

HEPZIBAH PUBLIC SERVICE DISTRICT
SANITARY SEWER EASEMENT

from

MARY ELIZABETH CHAPMAN & DENVER F. TUCKER JOHNSON
TAX MAP 227 P/O PARCELS 63 & 64
DEED BOOK 1325 PAGE 830, 823

A PROPOSED 20' PERMANENT SANITARY SEWER EASEMENT AND A 30' TEMPORARY CONSTRUCTION EASEMENT, SITUATE ALONG HARRISON COUNTY ROUTE 19/7, EAGLE DISTRICT, HARRISON COUNTY, WEST VIRGINIA, THE CENTER OF WHICH BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

Beginning at a point within the right-of-way of Harrison County Route 19/37 near the lands of Mary Elizabeth Chapman and Denver F. Tucker Johnson (Tax Map 227 Parcels 63 & 64, Deed Book 1325 at Pages 823,830);

Thence, through said right-of-way of Harrison County Route 19/7, North 88 degrees 00 minutes 54 seconds East, a distance of 82 feet, more or less, to a point at the intersection of said Harrison County Route 19/37 and Harrison County Route 19/7;

Thence, continuing partially through said right-of-way of Harrison County Route 19/7 and through said Chapman and Johnson, North 43 degrees 45 minutes 00 seconds East passing the northerly right-of-way line of said Harrison County Route 19/7 at a distance of 6 feet more or less, a total distance of 104 feet, more or less, to a point;

Thence, North 68 degrees 36 minutes 03 seconds East, a distance of 246 feet, more or less, to a point;

Thence, North 50 degrees 02 minutes 20 seconds East, a distance of 92 feet, more or less, to a point on the line of Melvin & Ellen Cunningham (Tax Map 227 Parcels 65, Deed Book 1156 at Pages 961).

The Permanent Sanitary Sewer Easement shall be Twenty (20) feet in width; Ten (10) feet on each side of the above described centerline, containing a total area of 9,274 square feet as shown on a plat attached and made a part of this description.

The Temporary Construction Easement shall be Thirty (30) feet in width; Fifteen (15) feet on each side of the above described centerline, containing a total area of 4,731 square feet as shown on a plat attached and made a part of this description.



The Enlarged Hepzibah Public Service Water District
Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

COMBINED CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. AUTHORIZATION AND AWARD OF BONDS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. SIGNATURES, ETC.
6. CERTIFICATION OF COPIES OF DOCUMENTS
7. INCUMBENCY AND OFFICIAL NAME, ETC.
8. DELIVERY AND PAYMENT AND USE OF PROCEEDS
9. LAND AND RIGHTS-OF-WAY
10. MEETINGS; PUBLICATION AND POSTING OF NOTICES, ETC.
11. CONTRACTORS' INSURANCE, ETC.
12. CONNECTIONS, ETC.
13. MANAGEMENT
14. GRANTS
15. CONFLICT OF INTEREST
16. PROCUREMENT OF ENGINEERING SERVICES
17. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of The Enlarged Hepzibah Public Service Water District in Harrison County, West Virginia (the "Issuer"), and the undersigned ATTORNEY for the Issuer, acting for the Issuer and in its name, hereby state and certify in connection with the Enlarged Hepzibah Public Service Water District Sewer Revenue Bonds, Series 2005 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of \$235,000 and bearing interest at the rate of 4.125% per annum (the "Bonds" or the "Series 2005 A Bonds"), as follows:

1. AUTHORIZATION AND AWARD OF BONDS: The undersigned are authorized to execute this certificate on behalf of the Issuer and are knowledgeable with respect to the matters set forth herein. The entire issue of the Bonds has been duly awarded to the United States of America, acting by the United States Department of Agriculture, Rural Utilities Service (the "Purchaser"), pursuant to a Letter of Conditions of the Purchaser, dated August 14, 2002 and all amendments thereto, and as appears in Section 7.03 of the Resolution of the Issuer duly adopted July 21, 2005 authorizing issuance of the Bonds (the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Resolution when used herein. The Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project located within the boundaries of the Issuer.

2. **NO LITIGATION:** No controversy or litigation of any nature is now pending, or, to the knowledge of any of the undersigned, threatened, restraining, enjoining or affecting in any manner the issuance and delivery of the Bonds or receipt of any grant monies committed for the System; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds; nor in any way questioning or affecting the validity of the grants committed for the System or the Bonds, or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any monies or security therefor; nor questioning the existence, powers or proceedings of the Issuer or its Public Service Board (the "Governing Body") or the title of the members and officers thereof to their respective offices; nor questioning the operation of the System or the acquisition and construction of the Project, a portion of the cost of which is being financed out of the proceeds of sale of the Bonds; nor questioning the rates and charges provided for services of the System.

3. **GOVERNMENTAL APPROVALS:** All applicable and necessary approvals, permits, authorizations, registrations, exemptions, consents and certificates required by law for the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project were solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect. The attorney for the Issuer makes no certification as to this paragraph.

The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on July 21, 2005, in Case No. 04-0526-PSD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project, approving the financing for the Project and approving the rates and charges. The time for appeal of the Final Order has expired prior to the date hereof.

4. **NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS:** There has been no adverse change in the financial condition of the Issuer since the approval by the Purchaser of a loan to assist in acquisition and construction of the Project.

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Series 2005 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's Sewer Revenue Note, Series 2002, dated January 10, 2003, issued in the original aggregate principal amount of \$70,000 to Bank One, NA and the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated September 23, 2003, issued in the original aggregate principal amount of \$1,900,000 (collectively, 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 2005 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.

5. SIGNATURES, ETC.: The undersigned Chairman and Secretary did, for the Issuer on the date of delivery of the Bonds on the date hereof, officially execute and seal the Bonds with the official corporate seal of the Issuer, an impression of which seal is on this certificate above our signatures and said officers are the duly elected, appointed, qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Bonds for the Issuer.

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

Series 2002 Note Resolution

Series 2003 A Bond Resolution

Consent of West Virginia Water Development Authority
to Issuance of Parity Bonds

Public Service Commission Orders

United States Department of Agriculture Loan Resolution

County Commission Orders Regarding Creation of the District

County Commission Orders of Appointment of Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Affidavit of Publication of Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution

United States Department of Agriculture Letter of Conditions and Closing Instructions

United States Department of Agriculture Grant Agreement

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "The Enlarged Hepzibah Public Service Water District" and its principal office and place of business are in Harrison County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

<u>Name</u>	<u>Date of Commencement of Office</u>	<u>Date of Termination of Office</u>
Lee Fred Martin	07/01/2005	07/19/2010
Caesar Bango	10/09/2003	10/09/2009
Darlene Taylor	07/10/2005	08/12/2008

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2005 are as follows:

Chairman	-	Lee Fred Martin
Secretary/Treasurer	-	Darlene Taylor

The duly appointed and acting General Manager for the Issuer is Howard Mall. The duly appointed and acting Attorney for the Issuer is Harold S. Yost, Esquire, Bridgeport, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Bonds were delivered to the Purchaser at Hepzibah, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery the Bonds had been duly and fully executed and sealed on behalf of the Issuer in accordance with the Bond Resolution.

At the time of delivery of the Bonds, the amount of \$ 53,500 was received by the undersigned Chairman, being a portion of the principal amount of Bonds. Further advances of the balance of the principal amount of the Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

The Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.125% per annum is payable from the date of each such advance.

The Bonds and the entire proceeds thereof will be used for the purposes herein set forth and for no other purposes.

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

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

11. CONTRACTORS' INSURANCE, ETC.: All contractors will be required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Letter of Conditions of the Purchaser, as amended, and the Bond Resolution.

12. CONNECTIONS, ETC.: The Issuer will serve at least 657 bona fide full-time users upon the System on completion, in full compliance with the requirements and conditions of the Purchaser.

13. MANAGEMENT: The Issuer has heretofore delivered to the Purchaser a plan concerning operation and management of the System, which plan was found to be acceptable by such Purchaser.

14. GRANTS: As of the date hereof, the grant from the United States Department of Agriculture in the amount of \$690,000 is committed and in full force and effect.

15. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Resolution and/or the Project, including, without limitation, with respect to the Depository Bank, as defined in the Bond Resolution. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

16. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Bonds.

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

[Remainder of Page Intentionally Left Blank]

WITNESS our signatures and the official seal of THE ENLARGED
HEPZIBAH PUBLIC SERVICE WATER DISTRICT on this 25th day of July, 2005.

[CORPORATE SEAL]

<u>SIGNATURE</u>	<u>OFFICIAL TITLE</u>
<u>L. D. Martin</u>	Chairman
<u>Darlene J. Taylor</u>	Secretary
<u>Howard S. Zepf</u>	Attorney for Issuer

406790.00003



Tetrick & Bartlett, PLLC
Certified Public Accountants
Consultants

122 N. Oak St. • PO Box 1916 • Clarksburg, WV 26302-1916 • (304) 624-5564 • Fax: (304) 624-5582 • E-mail: TBCPA@tetrickbartlett.com

July 25, 2005

The Enlarged Hepzibah Public Service Water District
Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

West Virginia Water Development
Authority
Charleston, West Virginia

The Enlarged Hepzibah Public Service Water District
Hepzibah, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Ladies and Gentlemen:

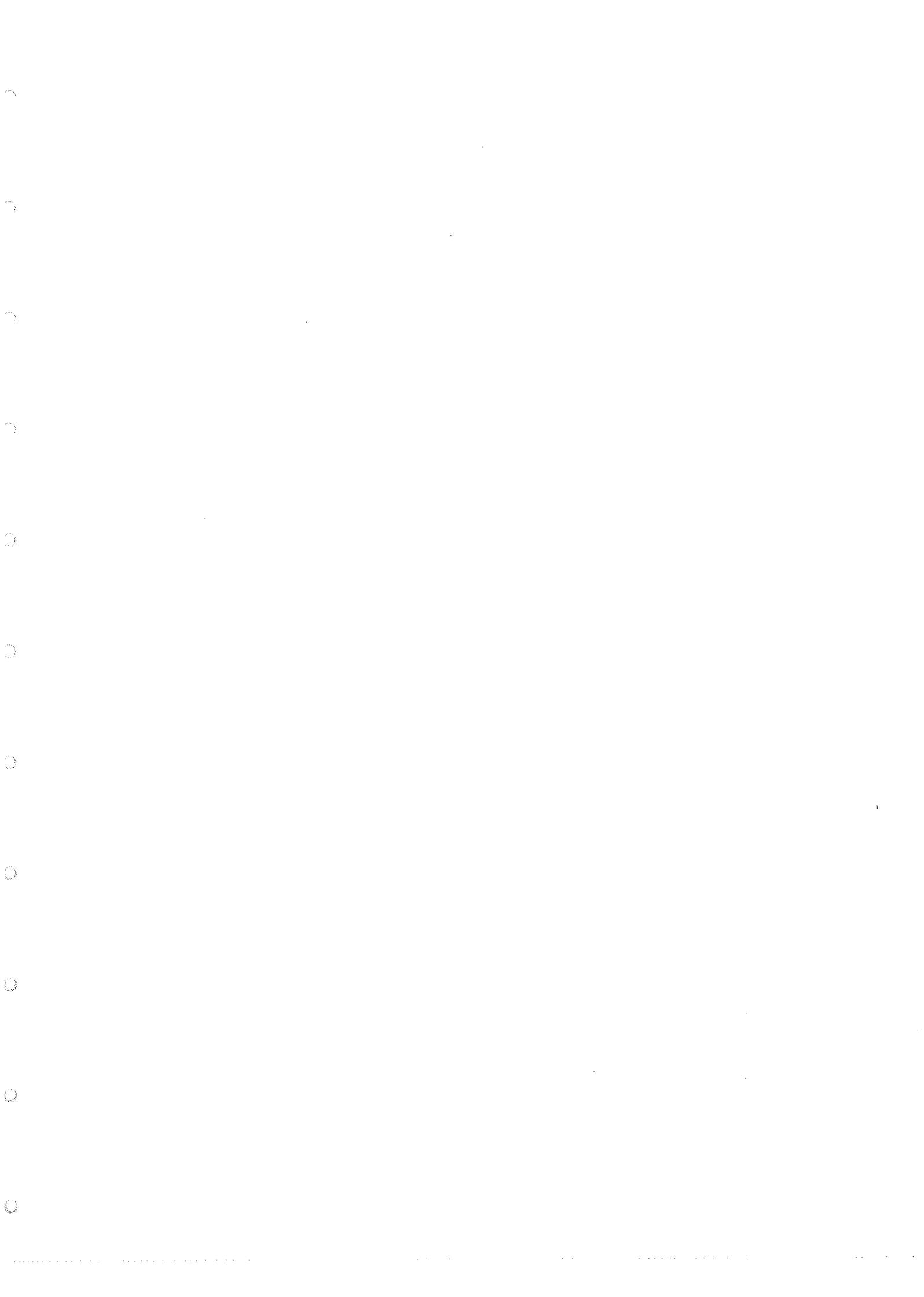
Based upon the rates and charges set forth in the Final Order of the Public Service Commission of West Virginia, dated October 6, 2004, in Case No. 04-0526-PSD-CN, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., consulting engineers, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of The Enlarged Hepzibah Public Service Water District (the "Issuer"), will pay all repair, operation and maintenance expenses of the System and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Sewer Revenue Bonds, Series 2005 A (United States Department of Agriculture) (the "Bonds"), and the Issuer's outstanding Sewer Revenue Note, Series 2002, dated January 10, 2003, currently held by Bank One, National Association, and Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated September 23, 2003, currently held by the West Virginia Water Development Authority (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Bonds are issued will be at least 115% of the average annual debt service requirements on the Bonds and the Prior Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Bonds, are not less than 115% of the largest aggregate amount that will mature and become due in any succeeding fiscal year for the principal of and interest on the Bonds and the Prior Bonds currently outstanding.

Very truly yours,

Tetrick & Bartlett, PLLC

TETRICK & BARTLETT, PLLC



The Enlarged Hepzibah Public Service Water District
Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

ENGINEER'S CERTIFICATE

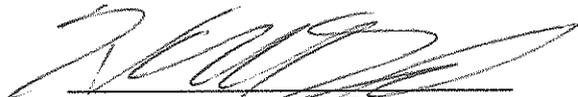
I, Wood H. Thrasher, Registered Professional Engineer, West Virginia License No. 9478, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify that my firm is the engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing sewerage system (the "System") of The Enlarged Hepzibah Public Service Water District (the "Issuer"), to be acquired and constructed in Harrison County, West Virginia, which acquisition and construction are being financed in whole or in part by the above-captioned bonds of the Issuer.

I further certify that the Project will, to the best of my knowledge, be constructed in accordance with plans and specifications prepared by my firm and that the System and the Project are situate wholly or chiefly within the boundaries of the Issuer.

I further certify that the Project is adequate for the purpose for which it was designed and that all necessary governmental approvals, consents, authorizations, certificates and permits for the acquisition and construction thereof have been obtained or can and will be obtained.

WITNESS my signature on this 25th day of July, 2005.

THRASHER ENGINEERING, INC.


H. Wood Thrasher, P.E.

406790.00003

**U.S.R.D.A.
SCHEDULE B**

ENLARGED HEPZIBAH PSD
LAMBERTS RUN SANITARY SEWER EXTENSION
FINAL TOTAL COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	USDA-LOAN	USDA-GRANT
1. Construction			
Change Order #1	689,079.90	138,650.00	550,429.90
2. Technical Services			
a. Basic Engineering	43,700.00	11,340.00	32,360.00
b. Inspection	47,280.00	12,270.00	35,010.00
c. Special Services	20,500.00	2,990.00	17,510.00
3. Legal & Fiscal			
a. Legal	8,000.00	2,100.00	5,900.00
b. Accounting	4,000.00	1,000.00	3,000.00
4. Sites and Other Lands	22,040.10	2,600.00	19,440.10
5. Miscellaneous			
a. Permits, DOH Fees, Equipment	18,000.00	12,650.00	5,350.00
6. Interim Financing	21,150.00	21,150.00	
7. Construction Contingency (5%)	36,000.00	15,000.00	21,000.00
8. Total of Lines 1 through 7	909,750.00	219,750.00	690,000.00
B. Sources of Funds			
9. Federal Grants:	690,000.00		690,000.00
10. State Grants (SCBG)	-		
11. Other Grants (IJDC)	-		
12. Any Other Source	-		
13. Total of Lines 9 through 12	690,000.00	-	690,000.00
14. Net Proceeds Required from Bond Issue (Line 8 minus Line 13)	219,750.00	219,750.00	-
C. Cost of Financing			
15. Funded Reserve Account	-		
16. Other Costs			
a. Bond Counsel	15,000.00	15,000.00	-
b. Bank Registrar Fee	250.00	250.00	-
17. Total Cost of Financing (Lines 15 and 16)	15,250.00	15,250.00	-
18. Size of Bond Issue (Line 14 plus Line 17)	235,000.00	235,000.00	-

GOVERNMENTAL AGENCY _____


CONSULTING ENGINEER

DATE: _____

DATE: 6/15/05

20-699
41-381

Friday, November 2nd, 1962.

DW

The Court sat pursuant to its adjournment on yesterday.

Present: Brent Rittenhouse, President, and
Benjamin B. Stout, Associate Commissioner.

The Enlarged Hepzibah Public Service Water District:

At a regular term of the County Court of Harrison County, continued and held at the Courthouse of said County, Commissioners Brent Rittenhouse and Benjamin B. Stout being present thereat, on the 2nd day of November, 1962, after a public hearing held on the 20th day of October, 1962, being the date fixed by prior action of the County Court for conducting the public hearing on the creation of the proposed The Enlarged Hepzibah Public Service Water District, as contemplated and provided for in a resolution and order adopted by the County Court on September 17th, 1962, the President announced that due publication of notice of such public hearing, in accordance with said order, had been made in the Clarksburg Exponent on Tuesday, September 25, 1962, as appears from a certificate of publication tendered to the County Court and now filed herein, such notice stating that all persons residing in or owning or having any interest in property in such proposed The Enlarged Hepzibah Public Service Water District desiring to be heard for or against the creation of said District would be heard. All such interested persons desiring to be heard were given full opportunity at the hearing held on the 20th day of October, 1962, and a number of such persons testified in favor of such creation, and none in opposition thereto.

The County Court then further discussed the creation of said Public Service Water District, whereupon, on unanimous vote of all the Commissioners, the following order and resolution was adopted, effective immediately:

ORDER AND RESOLUTION creating
The Enlarged Hepzibah Public
Service Water District in
Harrison County, West Virginia.

WHEREAS, the County Court of Harrison County, West Virginia, did heretofore, by a resolution and order adopted September 17, 1962, fix a date for a public hearing on the creation of the proposed The Enlarged Hepzibah Public Service Water District for supplying water and sewerage services and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed The Enlarged Hepzibah Public Service Water District might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said District; and,

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons having been afforded an opportunity to be heard for and against the creation of said District, and upon the need for water and sewerage services described generally at the hearing, and no written protest having been filed by the requisite number of qualified voters registered and residing in said proposed Public Service Water District or otherwise, and said County Court having given due consideration to all matters for which such hearing was had; and,

WHEREAS, said County Court is of opinion and hereby determines that the creation of the proposed Public Service Water District is feasible, and that the water and sewerage services proposed for said District will be conducive to the preservation of public health,

comfort and convenience in said District, and that a resolution and order creating said District should be adopted;

NOW, THEREFORE, Be It, and It Is Hereby, Ordered and Resolved by the County Court of Harrison County, West Virginia, as follows:

I.

A Public Service Water District within Harrison County, West Virginia, is hereby created, and said District shall have the following boundaries:

BEGINNING at the Corporate limits of the City of Clarksburg at a point on said U. S. Route No. 19; thence in a northerly direction along said U. S. Route No. 19 to the intersection of the Crooked Run Road designated as being State Route No. 19/10; thence in a westerly direction along said Crooked Run Road, State Route No. 19/10, to the Harrison County Coal Magisterial District Line; thence in a northerly direction along said Coal Magisterial District line to its point of intersection with the Baltimore and Ohio Railroad Company Tracks; thence in a northerly direction along said Railroad tracks to a point which is due West from the southern limits of the Town of Gypsy (to include all of the Town of Hughes); thence due East to the West Fork River; thence in a southerly direction along said West Fork River to the intersection of said River and the Harrison County, Simpson Magisterial District line; thence in an easterly direction along said district line to its point of intersection with a telephone cable line; thence in a southerly direction along said telephone line to an angle point in said telephone line, said angle point being due East from the Northern limits of the Town of Hepzibah; thence due West to a point in the West Fork River; thence in a southerly direction along the meanderings of said West Fork River to the Corporate line of the City of Clarksburg, West Virginia; thence in a westerly direction along said Corporate line to the point of beginning.

II.

Said Public Service Water District shall have the name and corporate title of "THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT", and shall constitute a public corporation and political subdivision of the State of West Virginia having all the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly by Article 13A of Chapter 16 of the West Virginia Code.

III.

There being no city, incorporated town or other municipal corporation included within said District, the County Court hereby appoints the following three persons residing within said District as members of the Public Service Board of said District for the terms shown after their names:

ANGELO CAPOZZI	Six Years,
FAY FORTNEY	Four Years,
DOMINICK SALENTRO	Two Years,

such terms to run from the 2nd day of November, 1962, all in accordance with the provisions of West Virginia Code, Chapter 16, Article 13A, Section 3. Said members shall qualify by meeting in the Office of the Clerk of the County Court as soon as practicable and taking an oath of office, and shall thereafter meet as said Board and organize, pursuant to the provisions of said statute.

Enlarged Hepzibah Public Service District

Enlargement // Approved

IN THE COUNTY COURT OF HARRISON COUNTY, WEST VIRGINIA

ENLARGED HEPZIBAH PUBLIC SERVICE
DISTRICT - ENLARGEMENT

At a regular Term of the County Court of Harrison County, West Virginia, held at the Courthouse of said County, Commissioners Daniel L. McCarthy and James E. Boyce being present thereat, on the 18th day of April, 1975, being the date fixed by prior acts of the County Court for conducting the public hearing on the proposed enlargement of Enlarged Hepzibah Public Service Water District, as contemplated and provided for in an order entered by the County Court on March 17, 1975, the President announced that due publication of notice of such public hearing in accordance with said order, had been made in the Clarksburg Telegram on Friday, March 21, 1975, as appears on the certificate of publication tendered to the Court and now filed herein, such notice stating that a public hearing would be held and announced that posting of said notice had been made in five conspicuous places in said Public Service District as appears from an affidavit of Angelo Capozzi, Chairman, dated April 18, 1975, which affidavit was tendered to the Court and now is filed herein. Any person interested in the proposed enlargement was given full opportunity at the Hearing held on this date and the Chairman of said Public Service District

Session Held

Thursday, May 15th,

1975

CASTO & HARRIS INC., SPENCER, W. VA. BE ORDER NO 57084-A

testified in favor of the enlargement of said District. No opposition appeared to the proposed enlargement.

The County Court then further discussed the enlargement of said Public Service District, whereupon, on unanimous vote of all the Commissioners, the following order and resolution was adopted, effective immediately.

ORDER AND RESOLUTION enlarging
Enlarged Hepzibah Public Service
Water District.

WHEREAS, the County Court of Harrison County, West Virginia, did heretofore, by an order entered March 17, 1975, fix a date for a public Hearing on the enlargement of said Enlarged Hepzibah Public Service Water District and by said order provide that notice of said hearing be published and posted; and

WHEREAS, notice of this hearing was duly given in the manner provided and required by said order and by Chapter 16, Article 13A of the Code of West Virginia, and all interested persons having been afforded an opportunity to be heard for and against the enlargement of said District, and no protests having been filed, and said County Court having given due consideration to all matters for which such hearing was held; and,

WHEREAS, copies of the petition filed and order entered herein were delivered to the Harrison County Planning Commission and no objection to the proposed enlargement has been raised by said Commission; and

104 ORDERS--Commissioners Harrison County Court, W. Va.

Session Held

Thursday, May 15th,

19 75

CASTO & HARRIS INC., OFFICES, W. VA. RE-ORDER NO. 57084-A

WHEREAS, said County Court is of opinion and hereby determines that the enlargement of said Public Service District is necessary, feasible and proper; that it will be conducive to the preservation of public health, comfort and conducive to the preservation of public health, comfort and convenience and does not encroach upon the territory of any other Public Service District, and will not serve any customers located within the boundaries of any other Public Service District, and that an order enlarging said District;

NOW, THEREFORE, It Is Hereby, Ordered by the County Court of Harrison County, as follows:

Enlarged Hepzibah Public Service Water District is hereby modified and enlarged to encompass the boundaries indicated within the following description:

Beginning at the common intersection of Eagle, Clay and Simpson Districts in West Fork River; thence in an easterly direction along Simpson District northerly boundary to the centerline intersection of said boundary and State route 24/11; thence south 10 degrees E. 14,780 ft. plus or minus to northern right-of-way line of Federal route I 79; thence along said right-of-way in a westerly direction 3,300 ft. plus or minus to centerline of Simpson Creek; thence along centerline of Simpson Creek and 1,000 ft. distant south thereof meandering in a general north westerly direction to the intersection of telephone right-of-way serving as the easterly boundary of the current Enlarged Hepzibah Public Service District; thence north north east along telephone right-of-way to the northerly boundary of Simpson District the point of beginning.

It appearing to the Court that there are presently three members of the Public Service Board of said District, it

is further ordered that said members continue to constitute the Public Service Board of the Enlarged Hepzibah Public Service Water District for the term to which they were appointed by this Court and at no additional oath of office shall be required.

ENTER:

Daniel L. McCarthy

Daniel L. McCarthy
President, Harrison
County Court

4.

It appearing to the Commission that the foregoing order was made and entered as of the 18th day of April, 1975, but inadvertently omitted from the records, it is therefore ordered that the same be entered nunc pro tunc.

Enlarged Hepzibah Public Service District
to
Short Line Public Service District

Transfer of Area
to
Approved

IN THE COUNTY COURT OF HARRISON COUNTY, WEST VIRGINIA

Enlarged Hepzibah Public Service District
to Short Line Public Service District

The Court, all of its members being present and voting,
does hereby unanimously adopt the following order on its own motion
on good cause being shown therefor:

WHEREAS, a petition was heretofore filed requesting
transfer of a part of Enlarged Hepzibah Public Service District to
Short Line Public Service District; and

WHEREAS, an order heretofore entered by this Court on
November 8, 1973, directing publication of a notice appearing and
setting a hearing on said petition on November 27, 1973, at 10:00
o'clock a.m.; and

WHEREAS, publication of a notice of said hearing was
duly had in The Clarksburg Exponent and The Clarksburg Telegram
on November 13, 1973,

And it appearing to the Court that said petition should
be granted,

BE IT RESOLVED AND ORDERED that the hereinafter
described parcel of land is hereby transferred from the Enlarged
Hepzibah Public Service District to the Short Line Public Service
District, said tract or parcel of land being bounded and described
as follows:

Beginning at the intersection of the Crooked Run Road
(W. Va. Secondary Route 19/2) and W. Va. Secondary Route 19/10; thence
with the line of Crooked Run Road 1.99 miles to the point where the
Coal-Sardis Magisterial District Line crosses the road; thence with
that line 0.47 miles in a northerly direction to a point of

Session Held Wednesday, December 12th,

19 73

CASTO & HARRIS INC., SPENCER, W. VA. AT ORDER NO. 51820-A

intersection of the Coal-Sardis-Eagle Magisterial District Lines; thence 1.88 miles in an easterly direction with the Coal-Eagle Magisterial District line to a point 300 feet East of W. Va. Secondary Route 19/10; thence leaving the Coal-Eagle Magisterial District Line and running parallel with and 300 feet East of W. Va. Secondary Route 19/10 0.70 miles in a southerly direction to a point; thence with the northern boundary of property owned by the Harrison County Board of Education N. $63^{\circ} 02'$ W. $315 \pm$ feet to a point in line of W. Va. Secondary Route 19/10; thence with W. Va. Secondary Route 19/10 in a southerly direction $443 \pm$ feet to the beginning, containing 1.01 square miles. * There is specifically excepted and reserved unto the Enlarged Hepzibah Public Service District the area on which there is located Gore J.H. and all other school buildings and facilities situate on or near the intersection of Crooked Run Road and U.S. Route # 19.

BE IT FURTHER RESOLVED AND ORDERED that the hereinafter described tract or parcel of land should be deemed additional area acquired by the Short Line Public Service District, and said land is hereby made a part of said District:

Beginning at the intersection of the Crooked Run Road (W. Va. Secondary Route 19/2) and W. Va. Secondary Route 19/10; thence with the line of Crooked Run Road 1.99 miles to the point where the Coal-Sardis Magisterial District Line crosses the road; thence with that line 0.47 miles in a northerly direction to the point of intersection of the Coal-Sardis-Eagle Magisterial District line; thence with the Eagle-Sardis Magisterial District Line 2.61 miles in a northerly direction to a point in Ten Mile Creek; thence down stream with the creek 0.57 miles to a point; thence N. 57° E. 0.57 miles to a point; thence S. 49° E. 1.98 miles to a point where the Coal-Eagle Magisterial District Line crosses W. Va. Route 18; thence with the Coal-Eagle Magisterial District Line 1.33 miles in a southwesterly direction to a point; which point is 300 feet East of W. Va. Route 19/10; thence leaving the Coal-Eagle Magisterial District Line and running parallel with and 300 feet east of W. Va. Secondary Route 19/10 0.70 miles in a southerly direction to a

point; thence with the northern boundary of property owned by the Harrison County Board of Education N. $63^{\circ} 02'$ W. $315 \pm$ feet to a point in line of W. Va. Secondary Route 19/10; thence with Route 19/10 in a southerly direction $443 \pm$ feet to the beginning, containing 4.49 square miles.

Entered:
November 27, 1973
Daniel F. Mc Carthy

Session Held

Wednesday, December 12th,

19 73

CASTO & HARRIS INC., SPENCER, W. VA. RE-ORDER NO. 51820-A

HORNOR BROTHERS ENGINEERS
 CIVIL, MINING AND CONSULTING
 SURVEYING AND PHOTOGRAPHERS
 P. O. BOX 286 TELEPHONE 822021 AND 822020
 COMMUNITY HAVENSIDE & LOAN BUILDING
 CLARKSBURG, WEST VIRGINIA
 26301

HENRY A. THRASHER
 CHIEF ENGINEER

PAUL ALLEN HORNOR
 PRESIDENT

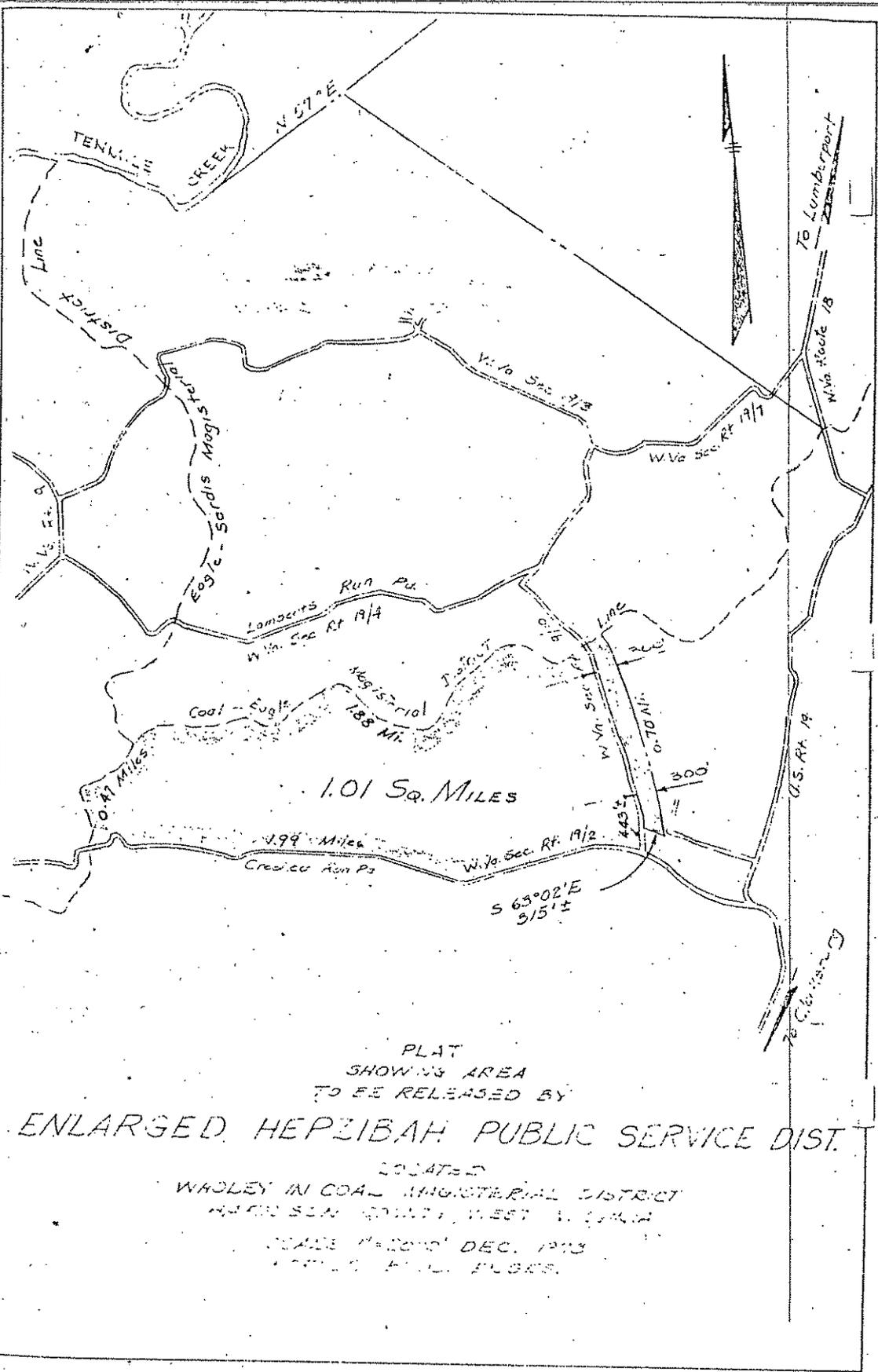
December 6, 1973

X

DESCRIPTION OF AREA TO BE RELEASED BY THE ENLARGED HEPZIRAH PUBLIC SERVICE DISTRICT

Beginning at the intersection of the Crooked Run Road (W. Va. Secondary Route 19/2) and W. Va. Secondary Route 19/10; thence with the ^{2 of} Crooked Run Road 1.99 miles to the point where the Coal-Sardis Magisterial District Line crosses the road; thence with that line 0.47 miles in a northerly direction to a point of intersection of the Coal-Sardis-Eagle Magisterial District Lines; thence 1.88 miles in an easterly direction with the Coal-Eagle Magisterial District Line to a point 300 feet East of W. Va. Secondary Route 19/10; thence leaving the Coal-Eagle Magisterial District Line and running parallel with ^{and 300' East of} W. Va. Secondary Route 19/10 0.70 miles ^{in a southerly direction} to a point; thence with the northern boundary of property owned by the Harrison County Board of Education N 63° 02' W 315 ± feet to a point in ^{2 of} W. Va. Secondary Route 19/10; thence with W. Va. Secondary Route 19/10 in a southerly direction 443 ± feet to the beginning containing ~~1.01~~ square miles.
 1.01

CAYO & BARRING, INC., SPENCER, N. Y. PL. ORDER NO. 51820-A



PLAT
 SHOWING AREA
 TO BE RELEASED BY

ENLARGED HEPZIBAH PUBLIC SERVICE DIST.

LOCATED
 WHOLEY IN COAL INDUSTRIAL DISTRICT
 HENDERSON COUNTY, WEST VIRGINIA
 MADE SECOND DEC. 1973
 CAYO & BARRING, INC.

Session Held

Wednesday, December 12th,

19 73

HORNOR BROTHERS ENGINEERS
 CIVIL, MINING AND CONSULTING
 BLUEPRINTS AND PHOTOGRAPHS
 P. O. BOX 288 TELEPHONE 222-2241 AND 222-2242
 COMMUNITY SAVINGS & LOAN BUILDING
 CLARKSBURG, WEST VIRGINIA
 26301

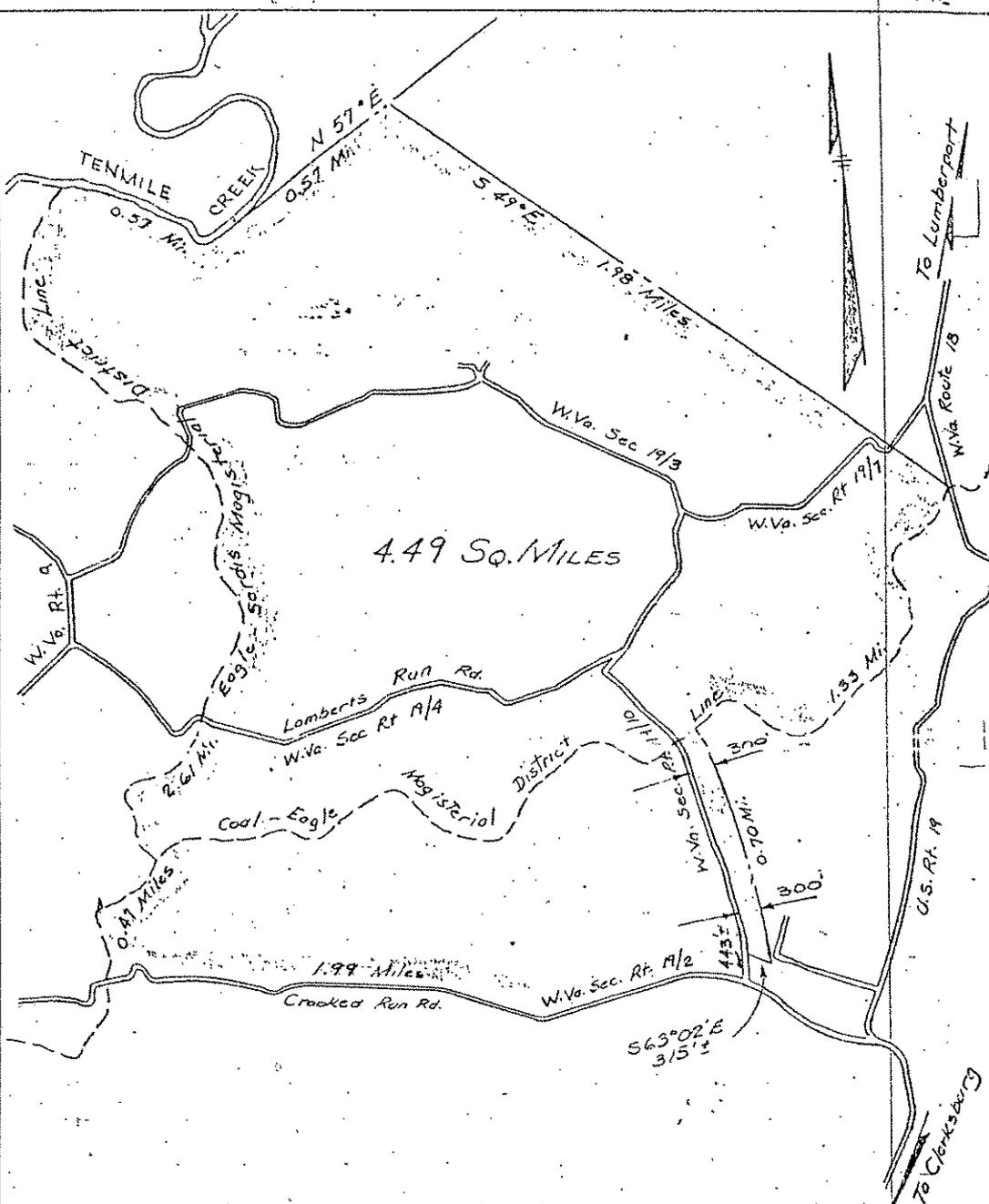
HENRY A. THASHER
 CIVIL ENGINEER

December 6, 1973

DESCRIPTION OF ADDITIONAL AREA ACQUIRED BY THE SHORT LINE PUBLIC SERVICE DISTRICT

Beginning at the intersection of the Crooked Run Road (W. Va. Secondary Route 19/2) and W. Va. Secondary Route 19/10; thence with the ^{of} Crooked Run Road 1.99 miles to the point where the Coal-Sardis Magisterial District Line crosses the road; thence with that line 0.47 miles in a northerly direction to the point of intersection of the Coal-Sardis-Eagle Magisterial ^{with the Eagle-Sardis Mag. Dist. Line} District line; thence 2.61 miles in a northerly direction to a point in Ten Mile Creek; thence down stream with the creek 0.57 miles to a point; thence N 57° E 0.57 miles to a point; thence S 49° E 1.98 miles to a point where the Coal-Eagle Magisterial District Line crosses W. Va. Route 18; thence with the Coal-Eagle Magisterial District Line 1.33 miles in a southwesterly direction to a point, which point is 300 feet East of W. Va. Route 19/10; thence leaving the Coal-Eagle Magisterial District Line and running parallel ^{and 300' East of} with W. Va. Secondary Route ¹⁹ 19/10 0.70 miles ^{in a southerly direction} to a point; thence with the northern boundary of property owned by the Harrison County Board of Education N 63° 02' W 315 ^{of} feet to a point in W. Va. Secondary Route 19/10; thence with Route 19/10 in a southerly direction 443 ^{of} feet to the beginning containing 4.49 square miles.

CLETO & HARRIS INC., SPENCER, W. VA. REG. NO. 51620-A



PLAT
 SHOWING ADDITIONAL AREA
 TO BE ACQUIRED BY
SHORT LINE PUBLIC SERVICE DISTRICT
 LOCATED
 IN COAL & EAGLE MAGISTERIAL DISTRICTS
 HARRISON COUNTY, WEST VIRGINIA
 SCALE 1" = 2000' DEC. 1973
 HORNOS BROS. ENGRS.

And it appearing to the Court that the foregoing order was made and entered of record on the 27th day of November, 1973, but due to the need to have a more definite description of the land to be involved and the need to have a plat made showing such metes and bounds description and the time involved the said order was not entered at that time and the Court now orders that the same be entered nunc pro tunc.

Samuel B. Urso, Jr. Qualified as Notary Public

This day came Samuel B. Urso, Jr. who was appointed and commissioned a Notary Public for Harrison County on the 15th day of November, 1973 by the Governor of this State, and this day accepted said office or trust and together with Mary C. Marshall who qualified as to her sufficiency, as his surety, entered into and acknowledged a bond in the penalty of Two hundred fifty (\$250.00) dollars, conditioned according to law and the said Samuel B. Urso, Jr. took the oath prescribed by law.

It is ordered that the Court be adjourned until Thursday, December 13th, 1973 at 10:00 o'clock

Daniel L. McCarthy, President

Thursday, December 13th, 1973

The Court sat pursuant to its adjournment on Wednesday, December 12th, 1973

Present: Daniel L. McCarthy, President
James E. Boyce, and
John Scott, Commissioners

County Court Orders Corrected

Through inadvertence all of the orders that were made on this date, Thursday, December 13th, 1973 have been entered on the General Order Book, as of the 12th day of December, 1973. Since there was

public hearing on the creation of the proposed The Enlarged Hepzibah Public Service Water District, as contemplated and provided for in a resolution and order adopted by the County Court on September 17th, 1962; the President announced that due publication of notice of such public hearing, in accordance with said order, had been made in the Clarksburg Exponent on Tuesday, September 25, 1962, as appears from a certificate of publication tendered to the County Court and now filed herein, such notice stating that all persons residing in or owning or having any interest in property in such proposed The Enlarged Hepzibah Public Service Water District desiring to be heard for or against the creation of said District would be heard. All such interested persons desiring to be heard were given full opportunity at the hearing held on the 20th day of October, 1962, and a number of such persons testified in favor of such creation, and none in opposition thereto.

The County Court then further discussed the creation of said Public Service Water District, whereupon, on unanimous vote of all the Commissioners, the following order and resolution was adopted, effective immediately:

ORDER AND RESOLUTION creating
The Enlarged Hepzibah Public
Service Water District in
Harrison County, West Virginia.

WHEREAS, the County Court of Harrison County, West Virginia, did heretofore, by a resolution and order adopted September 17, 1962, fix a date for a public hearing on the creation of the proposed The Enlarged Hepzibah Public Service Water District for supplying water and sewerage services and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed The Enlarged Hepzibah Public Service Water District might appear before the County Court at this meeting and have the opportunity to be heard for and against the creation of said District; and,

WHEREAS, notice of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons having been afforded an opportunity to be heard for and against the creation of said District, and upon the need for water and sewerage services described generally at the hearing, and no written protest having been filed by the requisite number of qualified voters registered and residing in said proposed Public Service Water District or otherwise, and said County Court having given due consideration to all matters for which such hearing was had; and,

WHEREAS, said County Court is of opinion and hereby determines that the creation of the proposed Public Service Water District is feasible, and that the water and sewerage services proposed for said District will be conducive to the preservation of public health,

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: April 1, 2005

CASE NO. 04-1464-PSWD-PC

HARRISON COUNTY COMMISSION

Petition for consent and approval to reduce sewer and water authority of Greater Harrison County Public Service District, to enlarge the sewer authority of the Enlarged Hepzibah Public Service District, enlarge the water authority of the Sun Valley Public Service District and to enlarge the water authority of the Century Volga Public Service District.

RECOMMENDED DECISION

PROCEDURE

On September 3, 2004, the Harrison County Commission (County Commission) filed a petition with the Public Service Commission for Commission consent and approval of its Order of August 26, 2004, adjusting the boundaries of several public service district service territories located in Harrison County, in accordance with West Virginia Code §16-13A-2. The County Commission Order made the following adjustments: 1) reduced the sewer authority boundaries of the Greater Harrison County Public Service District; 2) enlarged the sewer authority of the Enlarged Hepzibah Public Service District; 3) reduced the water authority of Greater Harrison County Public Service District; 4) enlarged the water authority of the Sun Valley Public Service District; and 5) enlarged the water authority of Century Volga Public Service District. These adjustments will aid the various districts in providing water and sewer service to the affected areas in the future.

On September 20, 2004, Staff Attorney Cecelia Jarrell filed an Initial and Final Joint Staff Memorandum to which was attached the Initial and Final Internal Memorandum prepared by Mr. Nathan Nelson, Utilities Analyst I, Water and Wastewater Division. The Harrison County Commission has complied with the specific statutory requirements regarding public service district boundary adjustments. Staff explained that the Harrison County Commission's actions in this case do impact a public service district created by the Barbour County Commission, i.e., the Century Volga Public Service District, although the affected territory is wholly located in Harrison County. In an effort to determine Century Volga Public Service District's position with regard to this adjustment of its boundaries within Harrison County, Staff contacted Century Volga Public Service District and was advised that it is aware of

the proposed boundary adjustments in Harrison County and, in fact, had suggested the boundary adjustment to the Harrison County Commission, i.e., the Century Volga Public Service District will be constructing a Brushy Fork water line extension and two potential customers along the extension own tracts of land that are located in both Harrison and Barbour Counties. These property owners wanted to connect to the Century Volga water line extension; therefore, Century Volga Public Service District proposed this adjustment to the Harrison County Commission so that those potential customers could be served. Staff recommended that, since this case would require a public hearing in Harrison County under Code §16-13A-2, the matter be referred to the Division of Administrative Law Judges for resolution.

By Order dated September 29, 2004, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before April 1, 2005.

On November 8, 2004, the Barbour County Commission filed a letter containing its resolution and order proposing the boundary adjustment; the notice of hearing on the proposed change; legal notice of the publication; and approval by the Barbour County Commission recorded into the minutes of its meeting held September 7, 2004.

By Order dated November 22, 2004, this matter was set for a hearing to be held in the Harrison County Courthouse, County Commission Court Room, 2nd Floor, 301 West Main Street, Clarksburg, West Virginia, on January 7, 2005. Said Order also required that the Harrison County Commission give notice of the hearing to be held on January 7, 2005, by publishing a Notice of Hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Harrison County.

The hearing was held as scheduled. The Harrison County Commission appeared by its counsel, Robert J. Andre, III, Esquire. Commission Staff appeared by Staff Attorney Cecelia Gail Jarrell, Esquire. No one appeared at the hearing to protest the order of the Harrison County Commission. (Tr., p. 7).

Commission Staff introduced, as Staff Exhibit No. 1, the Initial and Final Joint Staff Memorandum filed September 20, 2004, recommending that, since the Harrison County Commission has substantially complied with West Virginia Code §16-13A-2, the boundary adjustments should be approved. (Tr., p. 9; Staff Exh. No. 1). Since neither the Harrison County Commission nor Staff had anything they wished to present in this matter, it was submitted for decision as an unopposed case. (Tr., p. 9).

On March 29, 2005, the Barbour County Commission filed its Order of September 7, 2004, approving the enlargement of the water authority of the Century Volga Public Service District.

FINDINGS OF FACT

1. On September 3, 2004, the Harrison County Commission filed a petition with the Public Service Commission for Commission consent and

approval of its Order of August 26, 2004, adjusting the boundaries of several public service district service territories located in Harrison County, in accordance with West Virginia Code §16-13A-2. (See, Petition and Order filed September 3, 2004).

2. Staff recommended that, since the Harrison County Commission has complied with the provisions of West Virginia Code §16-13A-2, the proposed boundary adjustments should be approved. (See, Staff Exh. No. 1).

3. This matter was set for hearing to be held in Harrison County in accordance with the provisions of West Virginia Code §16-13A-2, on January 7, 2005, and the Harrison County Commission was directed to give notice of the hearing by publishing a Notice of Hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Harrison County. (See, Order dated November 22, 2004).

4. At the hearing held on January 7, 2005, no one appeared in protest to the Order of the Harrison County Commission. (See, Tr., p. 7).

5. On March 29, 2005, the Barbour County Commission filed its Order of September 7, 2004, approving the enlargement of the water authority of the Century Volga Public Service District. (See, Order filed March 29, 2005).

6. A proper affidavit of publication was filed reflecting that publication of the Notice of Hearing was made in accordance with the Commission's requirements. (See, Affidavit filed January 20, 2005).

CONCLUSION OF LAW

Since the hearing required by the provisions of West Virginia Code §16-13A-2 was held in Harrison County and no one appeared in protest to the petition after proper notice was given, the August 26, 2004 Order of the Harrison County Commission to adjust the boundaries of several public service districts can be approved as unopposed.

ORDER

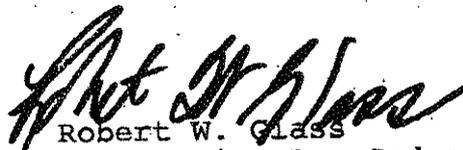
IT IS, THEREFORE, ORDERED that the August 26, 2004 Order of the Harrison County Commission filed with the Public Service Commission on September 3, 2004, reducing the sewer authority of the Greater Harrison County Public Service District; enlarging the sewer authority of the Enlarged Hepzibah Public Service District; reducing the water authority of the Greater Harrison County Public Service District; enlarging the water authority of the Sun Valley Public Service District; and enlarging the water authority of the Century Volga 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:dfs
041464aa.wpd

BEFORE THE COUNTY COMMISSION OF HARRISON COUNTY

A RESOLUTION AND ORDER ENACTING
CERTAIN ADJUSTMENTS TO THE
BOUNDARIES OF PUBLIC SERVICE DISTRICTS,
AS FOLLOWS:

THE REDUCTION OF THE SEWER AUTHORITY
OF THE GREATER HARRISON COUNTY
PUBLIC SERVICE DISTRICT;

THE ENLARGEMENT OF THE SEWER
AUTHORITY OF THE ENLARGED HEPZIBAH
PUBLIC SERVICE DISTRICT;

THE REDUCTION OF THE WATER AUTHORITY
OF THE GREATER HARRISON COUNTY
PUBLIC SERVICE DISTRICT;

THE ENLARGEMENT OF THE WATER
AUTHORITY OF THE SUN VALLEY PUBLIC
SERVICE DISTRICT;

THE ENLARGEMENT OF THE WATER
AUTHORITY OF THE CENTURY VOLGA
PUBLIC SERVICE DISTRICT.

WHEREAS, by prior Orders of the Harrison County Commission and the West Virginia Public Service Commission, the boundaries of the Greater Harrison County Public Service District, the Enlarged Hepzibah Public Service District, and the Sun Valley Public Service District were established within Harrison County; and

WHEREAS, by prior Orders of the Barbour County Commission and the West Virginia Public Service Commission, the boundaries of the Century Volga Public Service District were established within Barbour County; and

WHEREAS, the aforesaid public service districts have proposed certain boundary adjustments, in order to enable them to seek access to public dollars for the construction and operation of sewage treatment and water infrastructure which will improve the quality of life of citizens of Harrison County; and

WHEREAS, after notice duly given, a public hearing was held regarding the proposed boundary changes on August 26, 2004, before the County Commission of Harrison County; and

WHEREAS, at said hearing the County Commission received the comments of Terri Schulte, Harrison County Planner, that the proposed boundary change in the Marshville area of Harrison County would affect the boundaries of the Short Line Public Service District, which was not properly acknowledged in the Commission's prior Order in this matter or in the notice given to the public. The Commission agrees with the comments of the County Planner, and finds that there should not be a boundary change in the Marshville area at this time; and

WHEREAS, the County Commission of Harrison County deems the remaining proposed boundary adjustments necessary and desirable in order to provide cost-effective sewer and water service to residents of the County; and

WHEREAS, pursuant to the provisions of Section 2, Article 13A, Chapter 16 of the West Virginia Code, the County Commission of Harrison County is empowered, upon its own motion by order duly adopted, to enact the enlargement or reduction of the authority of a public service district located within the County, in order to preserve the public health, comfort and convenience; and

WHEREAS, the County Commission of Harrison County, after due deliberation and public hearing thereon, has decided that the proposed boundary adjustments, except for the adjustment in the Marshville area, and subject to the approval of the Public Service Commission of West Virginia, are necessary for the preservation of the public health, comfort and convenience and should be enacted.

NOW, THEREFORE, BE IT, AND IT IS, HEREBY, RESOLVED AND ORDERED That the County Commission of Harrison County, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, hereby enacts the following boundary adjustments:

1. **That the sewer authority of the Greater Harrison County Public Service District be reduced, and the sewer authority of the Enlarged Hepzibah Public Service District be enlarged by the transfer of the following described area from the Greater Harrison County Public Service District to the Enlarged Hepzibah Public Service District:**

A certain tract or parcel of land situate along Harrison County Route 19/7 and 19/37, in the Lamberts Run area of Eagle District, Harrison County, West Virginia, being more particularly bounded and described as follows:

Beginning at a point located on the existing Enlarged Hepzibah Public Service District Boundary, near where the said boundary intersects the now or formerly Baltimore and Ohio Railroad Company tracks near U.S. Route 19, said point being located approximately 300' south of Harrison County Route 19/7, Lamberts Run Road;

Thence leaving said existing Enlarged Hepzibah Public Service District Boundary and with a line which is 300' south, east, and parallel to the centerline of said Harrison County Route 19/7 in a southwesterly direction, for approximately 6,780' to the centerline of Harrison County Route 18;

Thence with the centerline of said County Route 18 in a northerly direction, for approximately 660';

Thence leaving said County Route 18 and with a line which is 300' north, west, and parallel to the centerline of said Harrison County Route 19/7 in a northeasterly direction, for approximately 4,840';

Thence with a line which is 300' west, and parallel to the centerline of County Route 19/37 in a northwesterly direction, for approximately 3,700';

Thence in a northeasterly direction, crossing said County Route 19/37, for approximately 600';

Thence with a line, which is 300' east, and parallel to the centerline of said County Route 19/37 in a southeasterly direction, for approximately 3,590';

Thence with a line in a northeasterly direction, for approximately 1,600' to a point located in the centerline of an existing pipeline right-of-way;

Thence with said existing pipeline right-of-way in an easterly direction, for approximately 1,310' to a point located on said existing Enlarged Hepzibah Public Service District Boundary;

Thence with said existing Enlarged Hepzibah Public Service District Boundary in a southwesterly direction, for approximately 1,435' to the Point Of Beginning, containing an area of 169 acres, more or less, as shown on a map titled "*Exhibit Map Showing Proposed Addition to the Enlarged Hepzibah Public Service District*", said map is a part of the record in this proceeding and is made a part of this description.

2. **That the water authority of the Greater Harrison County Public Service District be reduced, and the water authority of the Sun Valley Public Service District be enlarged by the transfer of the following described area from the Greater Harrison County Public Service District to the Sun Valley Public Service District:**

SYCAMORE AREA:

A certain tract or parcel of land situate along the waters of the West Fork River, County Route 33, Union District, Harrison County, West Virginia, being more particularly bounded and described as follows:

Beginning at a point located on the existing Sun Valley Public Service District and Greater Harrison Public Service District line, at the centerline of an existing pipeline right-of-way;

Thence with said existing Sun Valley Public Service District and Greater Harrison Public Service District line in a northeasterly direction, a distance of approximately 2,063' to a point located approximately 600' east of County Route 33 (Sycamore Road);

Thence leaving said existing Sun Valley Public Service District and Greater Harrison Public Service District line, with a line approximately 600' east and north of and parallel to said County Route 33, in a southeasterly direction, a distance of approximately 9,759' to a point located in the centerline of U.S. Route 19;

Thence with the centerline of said U.S. Route 19, in a southwesterly direction, a distance of approximately 1,747' to a point located 600' south and west of said County Route 33;

Thence leaving said U.S. Route 19, with a line approximately 600' south and west of said County Route 33, in a northwesterly direction, a distance of approximately 9,313' to the Point Of Beginning, containing an area of 236 acres, more or less, as shown on a map titled "*Exhibit Map Showing Proposed Addition to the Sun Valley Public Service District, Sycamore Area*", said map is a part of the record in this proceeding and is made a part of this description.

3. **That the water authority of the Greater Harrison County Public Service District be reduced, and the water authority of the Century Volga Public Service District be enlarged by the transfer of the following described area from the Greater Harrison County Public Service District to the Century Volga Public Service District:**

All that certain tract or parcel of land, situate in Simpson District, Harrison County, West Virginia, on the southwest side of the Brushy Fork Road and on the northwest side of Elk Creek Road, containing 258.382 acres, more or less, bounded and described as follows:

Beginning at the intersection of the Stone Coal Road with the Brushy Fork Road, corner to land now or formerly owned by Alan Preston Corporation;

Thence with said road four lines, S. 33° 15' E. 480 feet;

Thence S. 25° 04' E. 390 feet;

Thence S. 36° 00' E. 870 feet; thence S. 34° 50' E. 795 feet to the intersection of a road leading to Elk Creek and Corder's corner;

Thence with six of his lines S. 40° 50' W. 480 feet to a stake;

Thence S. 51° 45' W. 811 feet to a post;

Thence N. 58° 30' W. 136 feet to the center of road leading to Elk Creek; thence with same three

lines, S. 46° 30' W. 328 feet;

Thence S. 51° 00' W. 160 feet; thence S. 66° 50' W. 154 feet to the corner of F. Smith's land;

Thence with his lines N. 52° 20' W. 1108 feet to a post; thence S. 59° 10' W. 620 feet to a post;

Thence S. 41° 30' W. 178 feet to a post;

Thence N. 44° 00' W. 1062 feet to a post on top of the hill;

Thence N. 15° 25' W. 675 feet to a post;

Thence N. 14° 45' E. 740 feet to a post;

Thence N. 45° 10' W. 1490 feet to a post, corner to Charles Stout's lands;

Thence with his lines N. 59° 30' E. 1525 feet to the center of the Brushy Fork Road;

Thence with the same four lines S. 57° 50' E. 450 feet; thence S. 66° 10' E. 550 feet;

Thence S. 67° E. 650 feet; thence S. 70° 50' E. 695 feet to the beginning, containing 260 acres, more or less, excepting and reserving the three (3) following lots, tracts or parcels of land:

1) A tract or parcel of land containing 1.779 acres, more or less, conveyed by Ralph J. Westfall and Shirley A. Westfall, husband and wife, to Roger R. Oldaker and Rebecca A. Oldaker, husband and wife, by Deed dated April 16, 1975, of record in the office of the Clerk of the County Commission of said County and State in Deed Book No. 1033, page 570.

2) A tract or parcel of land containing 1.119 acres, more or less, conveyed by Ralph J. Westfall and Shirley A. Westfall, husband and wife, to Stephen R. Jeffries and Juanita F. Jeffries, husband and wife, by Deed dated April 16, 1975, of record in said Clerk's office in Deed Book No. 1033, page 575.

3) A lot or parcel of land containing 0.72 acres, more or less, conveyed by Grantors, Ralph J. Westfall and Vera P. Westfall, to Emmett A. Linch and Ronja L. Linch, husband and wife, by Deed dated November 22, 1985, of record in said Clerk's office in Deed Book No. 1159, page 40.

Being the same property conveyed to Cecil T. Holbert and Kelly L. Holbert, by Deed dated August 8, 2002, of record in the office of the Clerk of the Harrison County Commission in Deed Book 1342, at page 486.; as shown on a map titled "Exhibit Map Brushy Fork Area ID #1", said map is a part of the record in this proceeding and is made a part of this description.

IT IS, HEREBY, FURTHER RESOLVED AND ORDERED that the Commission's attorney

shall file this Resolution and Order with the Public Service Commission of West Virginia.

By the Order of the Harrison County Commission this 26th day of August, 2004.

HARRISON COUNTY COMMISSION

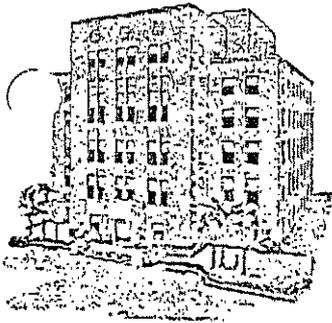
Regan Ding
PRESIDENT

J. L. G. G.
COMMISSIONER

Ron Watson
COMMISSIONER

ATTEST:

Sylvia Banti
CLERK



HARRISON COUNTY COURT HOUSE

Harrison County Commission

301 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26301
304-624-8500
FAX (304) 624-8673

COMMISSIONERS
THOMAS A. KEELEY
ROGER DIAZ
BETH TAYLOR

Commissioners:
Roger Diaz
Frank Angotti
Ron Watson

At the regular meeting of the County Commission of Harrison County held on Thursday, September 25, 2003, Commissioners Roger Diaz, Frank Angotti, and Ron Watson were present. Also present were Jim Harris, County Administrator, and Kathy Oliverio, Deputy County Clerk. Assistant Prosecuting Attorney Bob Andre was absent. A sign-up sheet was available for anyone who wished to speak during the public comment period. Sylvia Basile, County Clerk, was absent.

Commission President, Roger Diaz opened the meeting with the Pledge of Allegiance to the Flag led by Robert Andre.

1. Exonerations/Corrective Tickets/Joint Property Applications: Jim Harris stated that there are none.
2. Purchase Orders/Payroll Changes: There are no Payroll Changes
MOTION: Watson moved to approve Purchase Orders as presented with the understanding that the Commissioners reserve the right to pull any PO's for clarification or question
SECOND: Angotti VOTE: Diaz making it unanimous
3. Consolidations of Land/Segregations of Land: Harris stated that there are none.
4. Nuisance Forms for referral to Planning Commission: There are 4 different Nuisances presented.
MOTION: Watson moved to forward the Nuisance Forms to the Public Nuisance Complaint Board.
SECOND: Angotti

DISCUSSION: Angotti asked whether any of the Nuisance forms presented were in the City of Clarksburg. It was decided that that would be determined by the Complaint Board before action.

VOTE: Diaz making it unanimous

5. Minutes of the previous meeting:
MOTION: Angotti moved to approve Minutes as presented
SECOND: Watson VOTE: Diaz making it unanimous

9:00 A.M. AGENDA ITEM: Proclamation - Breast Cancer Awareness Month: At this time, the Commission presented a Proclamation, read by Commissioner Watson, declaring the month of October, 2003, as Breast Cancer Awareness Month.

9:05 A.M. AGENDA ITEM: Richard Janus sworn in HCDA - Shinnston: Commissioner Diaz swore in Richard Janus as a member of the Harrison County Development Authority.

9:10 A.M. AGENDA ITEM: Janet Main sworn in Lumberport Area PSD: Commissioner Diaz swore in Janet Main as the newest member of the Lumberport Area PSD.

6. Letter from Sheriff Jack RE: new deputy (Tabled): To be handled under 9:15 AGENDA ITEM
7. Draft letter to Enlarged Hepzibah PSD RE: deficit: Draft letter to ask for explanation of deficit in reports.

MOTION: Watson moved to place letter on letterhead and authorize President to sign same and mail letter to Enlarged Hepzibah PSD.

SECOND: Angotti VOTE: Diaz making it unanimous

- 7A. Memo from Legal, Bob Andre, re: Gypsy Area to be taken in by Hepzibah PSD
MOTION: Watson moved to follow the advice of Counsel concerning items 1,2,3,4,5 & 6 of the attached memo as to following the steps in order to move forward in allowing the Gypsy Area to be serviced by Hepzibah PSD
SECOND: Angotti VOTE: Diaz making it unanimous



DISCUSSION: Bob Andre, Legal, and Tom Michael, Attorney, will work out the necessary legalities with regard to the boundary changes, etc.

8. Letter/order from Attorney Harris RE: Nutter Estate:

MOTION: Angotti moved to authorize President to sign the Order regarding the Nutter Estate

SECOND: Watson VOTE: Diaz making it unanimous

9:15 AGENDA ITEM: Albert Marano RE: Cost Analysis for new deputy and Item 6 on Agenda: Sheriff Jack was present and turned over the microphone to Chief Deputy Marano to address the Commission.

MOTION: Angotti moved to accept and honor the request of the Sheriff for the additional Deputy.

SECOND: Diaz

DISCUSSION: Commissioner Watson brought up what the Federal contribution would be to this utilizing one of our Deputies. Marano stated that equipment for new assignment will be furnished to Lt. Broadwater. His County issued equipment will be passed on to the new Deputy. Uniforms will be purchased through a surplus in another budget item. Broadwater's vehicle will be passed to another Lieutenant and the new Deputy will get that vehicle, no cost anticipated for a vehicle. There are no plans to promote to fill a position of Lieutenant vacated by Lt. Broadwater working with the Feds. Funding new Deputy will cost \$37,603.45 (transferring money from Contingency)

VOTE: Motion passed unanimously

9:30 A.M. AGENDA ITEM: Hearing on Estate of Tom Surock: This is a Petition of Linda Susan Surock, surviving spouse of Tom Surock, to renounce the Last Will and Testament of the Decedent, Tom Surock, and assert her right to take the elective share of the augmented Estate of the Decedent. She is represented by Charles E. Forsythe; Representing Thomas Surock, Executor of the Estate, is Greg Schillace. Mr. Forsythe spoke first for the Petitioner; stating that Linda Susan Surock was married to the decedent at the time of his death, had been married to him for more than 15 years and was disinherited by his Will. Mrs. Surock is alleging that she is entitled to, according to statute, 50% of the augmented estate of the decedent. There is no information available to recommend a dollar amount and that will be determined at a later date. Greg Schillace then spoke and stated that the Executor of the Estate and son of the decedent understands his father's Will in that he disinherited his wife, but he also understands the provisions of WV Code Section 42-3-1, which precludes someone from disinheriting their spouse. Accordingly the Respondent has no objection to Ms. Surock's renouncing of the Will and asserting her claim to her elective share. Counsel has discussed the matter and there may be further matters coming before the Commission regarding the extent of the Estate, but there is no objection to Ms. Surock renouncing the Will and claiming her elective share under West Virginia Law.

MOTION: Watson moved that the Will be renounced and allow Linda Sue Surock to claim her elective share. This is to be referred to a Fiduciary Commissioner to allow for the necessary calculations to determine what the augmented estate is and then provide that information to both parties.

SECOND: Angotti VOTE: Diaz making it unanimous

Commission will name a Fiduciary Commissioner to review all matters of the Estate and provide his/her findings to both parties. At this point, Commissioner Diaz proclaimed the Hearing Closed. Charles Forsythe to prepare the ORDER.

MOTION: Angotti moved for a 5 minute recess

SECOND: Watson VOTE: Diaz making it unanimous

MOTION: Angotti moved to return to regular Agenda

SECOND: Watson VOTE: Diaz making it unanimous

9. Pending Litigation letter from Prosecutors Office:

MOTION: Angotti moved to accept into today's record and place in proper file

SECOND: Watson VOTE: Diaz making it unanimous

10. Attorney Client correspondence RE: Hilary Heights case:

MOTION: Angotti moved to accept into today's record and place in proper file

SECOND: Watson VOTE: Diaz making it unanimous

11. East View PSD monthly meeting minutes:

MOTION: Angotti moved to accept into today's record and place in proper file

- SECOND: Watson VOTE: Diaz making it unanimous
12. Bingamon PSD monthly meeting minutes:
MOTION: Angotti moved to accept into today's record and place in proper file
SECOND: Watson VOTE: Diaz making it unanimous
13. Greater Harrison PSD monthly meeting minutes:
MOTION: Angotti moved to accept into today's record and place in proper file
SECOND: Watson VOTE: Diaz making it unanimous
14. Order appointing Special Prosecutor Petition #03P1341:
MOTION: Angotti moved to approve
SECOND: Watson VOTE: Diaz making it unanimous
15. Case filing Wesex Corp Vs. Benedum Airport:
MOTION: Angotti moved to accept and place in proper file
SECOND: Watson VOTE: Diaz making it unanimous
16. Attorney Andre memo RE: Greater Harrison PSD audit: Based on memo, the Commission took the following action:
MOTION: Angotti moved to accept the Greater Harrison PSD audit
SECOND: Watson VOTE: Diaz making it unanimous
17. Rate Adjustment notice from CableVision RE: increase:
MOTION: Watson moved to accept as part of today's record and note that the Commission has no control over the increase.
SECOND: Angotti VOTE: Diaz making it unanimous
18. Letter from FinCom Corp. re: Franchise payment:
MOTION: Watson moved to accept the amount sent
SECOND: Angotti VOTE: Diaz making it unanimous
19. Letter from United Bank RE: Money Market Options: Jim Harris explained that this is a marketing piece. Diaz stated that the letter should be turned over to the Prosecuting Attorney's Office and if the PA feels that this letter is deceptive in any way, then turn the letter over to the Attorney General for possible action.
MOTION: Watson moved to turn over the letter to the PA and the Prosecuting Attorney's Office to determine whether the letter should be turned over to the Attorney General for possible action.
SECOND: Angotti VOTE: Diaz making it unanimous
20. Benedum Airport Authority letter to WVU RE: flights:
MOTION: Angotti moved to place in the proper file
SECOND: Watson VOTE: Diaz making it unanimous
21. Letter from Stephen Zoeller RE: state office building:
MOTION: Watson moved to accept and place in the proper file
SECOND: Angotti VOTE: Diaz making it unanimous
22. Letter from Judge Bedell Re: Annual cleaning of Courtrooms
MOTION: Watson moved to accept into today's record and refer to Administrator
SECOND: Angotti VOTE: Diaz making it unanimous
23. Draft advertisement Re: motorized vehicles on rail/trail: Harris explained that this is a draft ad for the newspaper putting the public on notice that motorized vehicles are not to be on rail/trails. Using the words, "trespassing" and "prosecution" was in question. It was decided that it is a "trespass", but whether or not prosecution could result would be up to the Courts.
MOTION: Watson moved to place Ad as presented in newspaper and investigate wording for signs to be placed on the property reiterating the Commission's stand on unauthorized motorized vehicles on rail/trails
SECOND: Angotti VOTE: Diaz making it unanimous
24. Assessor request for approval of travel/training:
MOTION: Angotti moved to approve travel as requested
SECOND: Watson VOTE: Diaz making it unanimous
- Jim Harris stated that the dates have been changed:
MOTION: Angotti moved to change dates and approve
SECOND: Watson VOTE: Diaz making it unanimous

25. Acordia WV Worker's Compensation Seminar 12/3/03:
 MOTION: Watson moved to accept as part of today's record and file
 SECOND: Angotti VOTE: Diaz making it unanimous
26. Proclamation/Character Counts Week: Commissioners to sign
 MOTION: Watson moved to approve and sign
 SECOND: Angotti VOTE: Diaz making it unanimous
27. Letter of request for equipment/Prosecutor:
 MOTION: Angotti moved to approve pending I.T.'s recommendation
 SECOND: Watson
 DISCUSSION: Watson brought up the fact that there is no cost listed.
 MOTION: Angotti withdrew his MOTION
 SECOND: Watson withdrew his SECOND
 After discussion regarding cost and I.T. recommendation ...
 MOTION: Watson moved to TABLE and have I.T. look at the situation and then come back to the commission with numbers, etc., for consideration.
 SECOND: Angotti VOTE: Diaz making it unanimous
28. Letter to UTC RE: Contribution:
 MOTION: Watson moved to authorize President to sign and send check
 SECOND: Angotti VOTE: Diaz making it unanimous
29. Letter to Bi-County Nutrition RE: Contribution
 MOTION: Watson moved to authorize President to sign and send check
 SECOND: Angotti VOTE: Diaz making it unanimous
30. Letter to Southern Area Library RE: Contribution:
 MOTION: Watson moved to authorize President to sign and send check
 SECOND: Angotti VOTE: Diaz making it unanimous
31. Emergency Services Contract RE: Emergency Generator: This is a maintenance Contract for the Generator located at Public Service Complex.
 MOTION: Watson moved to approve and authorize President to sign the Contract
 SECOND: Angotti VOTE: Diaz making it unanimous
32. Letter from Clarksburg PD RE: DARE funding:
 MOTION: Watson moved to approve up to \$1,000 contingent upon match by City of Clarksburg up to same.
 SECOND: Angotti VOTE: Diaz making it unanimous
 Letter to go to Clarksburg DARE explaining Harrison County will contribute a matching amount (up to \$1,000.00 depending upon the City of Clarksburg contributing same amount) with the City of Clarksburg. County Commission will deal with the vendors directly through Purchase Order process.
33. Letter from DuPont Engineering Re: P & R Trail: This is with regard to Spelter reclamation. They are asking for permission to enter on to the ball park which is outside their existing security fence.
 MOTION: Watson moved to agree to this pending Counsel's review and recommendation
 SECOND: Angotti
 DISCUSSION: Angotti stated that the County was hoping to redevelop the ball field with the help of DuPont Engineering, so it would be in order to agree to this request. Commissioners Angotti, Watson, and Mike Book to be in on talks with DuPont once approval by Counsel.
 VOTE ON MOTION: Motion Passed unanimously
34. Letter from UTC RE: auto body program donations: This letter is asking the County to consider UTC for any vehicles that could be contributed to their auto body program.
 MOTION: Watson moved to approve. A letter is to be sent to UTC explaining that at this time there are no vehicles available.
 SECOND: Angotti VOTE: Diaz making it unanimous
35. Bob Andre Memo RE: Governor's Warrant for signature: Mr. Andre indicated that there needs to be the County Clerk's signature and seal as well as the Commission President's signature for the Governor's Warrant to be presented.
 MOTION: Watson moved to approve
 SECOND: Angotti VOTE: Diaz making it unanimous
 Discussion: Commissioner Watson stated that he felt checks made out for transport should not be

made out to the Officer, but to the Agency, i.e., Bridgeport Police Department.

36. FEMA Exhibit - A RE: FEMA Grant:

MOTION: Watson moved to TABLE pending clarification from Terry Schulte

SECOND: Angotti VOTE: Diaz making it unanimous

37. Planning Director memo RE: Rail Trail lease agreement: Jim Harris stated that initially Harrison County Commission was going to be the Sponsor of the Grant to rehab that section of trail from County McWhorter line to hook up from Wilsonburg in. The Planning Commission would be the responsible party to enforce the regulations. After discussion with regard to ownership (the County does not own from the spur behind Hartland Planning to Wendy's) by the County, the Commission moved the following:

MOTION: Watson moved to TABLE this item so that Terry Schulte can appear to explain

SECOND: Angotti VOTE: Diaz making it unanimous

MOTION: Watson moved that Department Heads who have items on Agenda need to be present, in person or by detailed memo, explaining their items to the Commission. These items will be at the beginning of the meeting.

SECOND: Angotti VOTE: Diaz making it unanimous

38. Data Sheets for board/commission openings: Openings on Coons Run PSD, Hepzibah PSD, Harrison County Emergency Squad, Greater Harrison County PSD, Harrison County Parks & Recreation, and Shortline PSD:

MOTION: Watson moved to TABLE appointment to Coons Run PSD

SECOND: Angotti VOTE: Diaz making it unanimous

MOTION: Watson moved to appoint Caesar Bango to replace Minta Kyle to Hepzibah PSD

SECOND: Angotti VOTE: Diaz making it unanimous

MOTION: Angotti moved to re-appoint Gene Csutorus to Hepzibah PSD

SECOND: Watson VOTE: Diaz making it unanimous

MOTION: Watson moved to appoint Robert Matheny to Harrison County Emergency Squad to replace John Todd.

SECOND: Angotti VOTE: Diaz abstained - MOTION PASSED

MOTION: Watson moved to TABLE Greater Harrison PSD appointment

SECOND: Angotti VOTE: Diaz making it unanimous

MOTION: Watson moved to appoint Perry McAtee to replace Chad Miller (resignation) to Harrison County Parks & Recreation.

SECOND: Angotti VOTE: Diaz making it unanimous

MOTION: Angotti moved to re-appoint Judy Davis, Stacy Martin and William Renzelli to the Harrison County Parks & Recreation

SECOND: Watson VOTE: Diaz making it unanimous

MOTION: Watson moved to TABLE Shortline PSD

SECOND: Angotti VOTE: Diaz making it unanimous

39. Farmland Protection Act/Farm Preservation issue: Commissioner Watson asked for this to be placed back on the Agenda. He felt an appointment of an oversight committee or board was in order. Watson questioned the length of time it would take for the County to be able to procure property under the Farm Preservation Act.

MOTION: Watson moved to appoint a board or committee to oversee Farm Preservation issues.

SECOND: Angotti

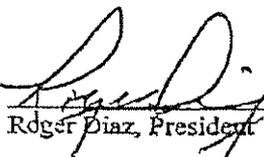
DISCUSSION: Legal will check into this and get back to the Commission. Angotti also asked about the make-up of the board, i.e., expertise, etc.

VOTE ON MOTION: Motion Passed Unanimously

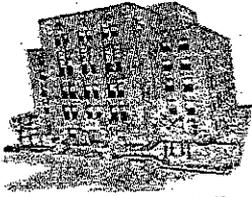
PUBLIC COMMENT: No one signed to speak

MOTION: Angotti moved to adjourn

SECOND: Watson VOTE: Diaz making it unanimous


Roger Diaz, President

10-02-03
Date



HARRISON COUNTY COURT HOUSE

Harrison
301 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26301
304-624-8500
FAX (304) 624-8673

June 24, 2005

COMMISSIONERS
ROGER DIAZ

FRANCO
RONALD R. WATSON

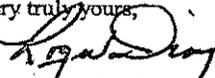
Enlarged Hepzibah Public Service District
Drawer H
Hepzibah West Virginia 26369

Dear Board Members:

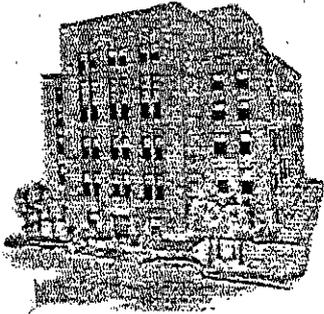
This letter is to advise you that the Harrison County Commission has appointed Mr. Lee Fredric Martin as a member of the board, replacing Mr. Louie Fratto.

Please send all correspondence to Mr. Martin at Post Office Box 292, Hepzibah, WV, 26369. Also, Mr. Martin may be reached at 304-623-3522.

If further information is needed, please advise.

Very truly yours,

Roger Diaz, President,
Harrison County Commission





HARRISON COUNTY COURT HOUSE

Harrison County Commission

301 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26301
304-624-8500
FAX (304) 624-8673

COMMISSIONERS
ROGER DIAZ
FRANK "CHUNKI" ANGOTTI
RONALD R. WATSON

June 30, 2005

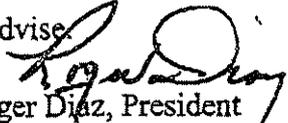
Enlarged Hepzibah Public Service District
Drawer H
Hepzibah West Virginia 26369

Dear Board Members:

This letter is to advise you that the Harrison County Commission has appointed Ms. Darlene Taylor as a member of the board, replacing Mr. Moschella.

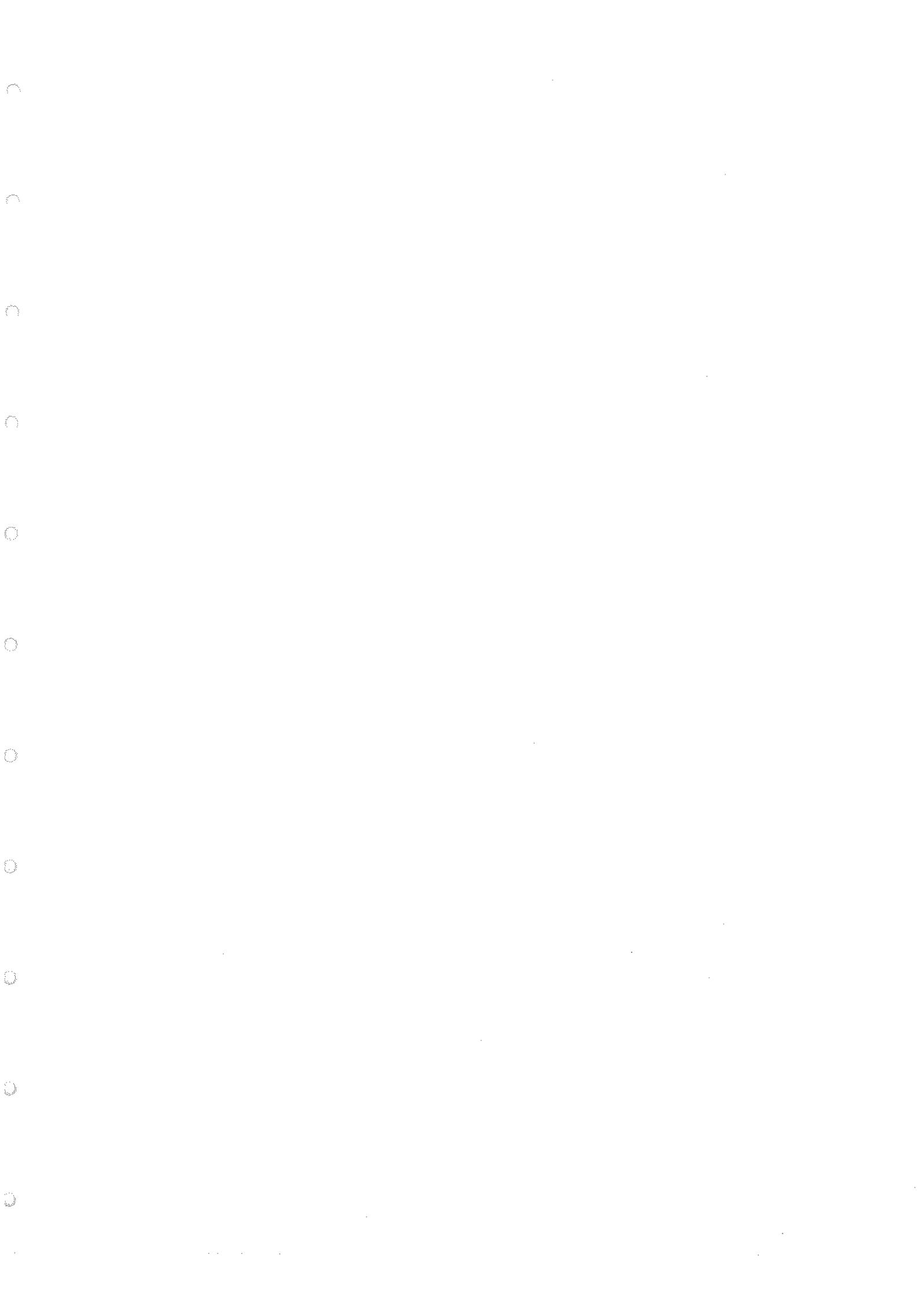
Please send all correspondence to Ms. Taylor at Post Office Box 22/Farnum Road, Hepzibah West Virginia 26369. Also, Ms. Taylor may be reached at 624-6507 (home) or 626-1403 (work).

If further information is needed, please advise.


Roger Diaz, President
Harrison County Commission

/ras





OATH OF OFFICE AND CERTIFICATE

=====

STATE of WEST VIRGINIA)
)
Harrison County, 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, Enlarged Hepzibah Public Service District

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

Signature of Affiant *Darlene Taylor*
Darlene Taylor

Subscribed and sworn to before me, in said County and State, this 30th
 day of June, 2005.

Roger Diaz
Roger Diaz, President

Frank "Chuuki" Angotti, Member
Ronald R. Watson
Ronald R. Watson, Member

OATH OF OFFICE AND CERTIFICATE

=====

STATE of WEST VIRGINIA)
)
 Harrison County, 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, Enlarged Hepzibah Public Service District

to the best of my skill and judgement: SO HELP ME GOD.

Signature of Affiant Lee F. Martin
Lee F Martin

Subscribed and sworn to before me, in said County and State, this 7th
 day of July, 2005.

Roger Diaz
Roger Diaz, President

Frank T. Angotti Jr
Frank "Chunki" Angotti, Member

Ronald R. Watson
Ronald R. Watson, Member

RULES OF PROCEDURE

THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT.

Section 2. The principal office of this Public Service District is located at Drawer H, Hepzibah, Harrison County, West Virginia 26369.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed The Enlarged Hepzibah Public Service Water 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 Harrison 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 Monday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 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 Harrison 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 Harrison 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 as 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 22nd day of September, 2003.

09/16/03
406790/00002

PUBLISHER'S CERTIFICATE

vs.

STATE OF WEST VIRGINIA,
COUNTY OF HARRISON

SARA V. SHINGLETON

I, _____
Classified Manager of THE EXPONENT-TELEGRAM, a newspaper
of general circulation published in the City of Clarksburg, County
and State aforesaid, do hereby certify that the annexed

NOTICE OF PRE-FILING

NOTICE OF PRE-FILING

State of West Virginia

Public Service Commission Charleston

NOTICE IS HEREBY GIVEN that Enlarged Hepzibah PSD, a public utility has given notice to the Public Service Commission of its intent to file an Application for a Certificate of Convenience and Necessity for the construction, operation and maintenance of a sewage treatment facility and service lines to serve approximately 48 customers in the Lamberts Run areas of Harrison County, West Virginia.

The project will consist of Expansion of the existing system to the Lamberts Run area, and approximately 12,000 LF miles/feet of 8, 6, & 4 inch lines with the costs of the project not to exceed \$855,000.

The District intends to finance the project by the following means: (Describe fully, the proposed financing here. For example, the issuing of revenue bonds through RUS Loan in the amount not to exceed \$235,000 with the remaining funding for the project to be provided as grants from the RUS. During construction, the utility will enter into an arrangement with ** to provide up to \$ _____ Interim financing for construction advances at an interest rate not to exceed _____ %).

** (N/A-none arranged at this time)

The proposed project-related rates for the project are not to exceed the following:

\$7.107 per thousand gallons used per month
\$5.33 per 100 cubic feet

These rates represent the following increases: (Increase from rates effective upon completion of the Farnum area project)

	(\$) INCREASE	(%) INCREASE
Residential	\$.93	3%
Commercial	\$.93	3%
Industrial	\$.93	3%
Resale	N/A	N/A
Other	N/A	N/A

Rate increases may also be proposed for non project-related costs. Non project-related rate increases are not to exceed the following: Not applicable.

The proposed increased rates and charges will produce approximately \$24,000 annually in additional revenue, an increase of 9%.

The increases shown are based on averages of all customers in the indicated class. Individual customers may receive increases that are greater or less than average. Furthermore, the requested rates and charges are only a proposal and are subject to change (increases or decreases) by the Public Service Commission in its review of this filing.

(List Tap Fees and Customer Security Deposits Here):

No change

Any increase in rates and charges will not become effective until authorized and approved by the Public Service Commission in the Certificate of Convenience and Necessity Application. Following the filing of the formal Application there will be an additional public notice and opportunity for the submission of public protest. It is anticipated that the formal Application will be filed within 30 days of the publication of this notice.

Enlarged Hepzibah PSD, a public utility in Harrison County.
Name of Officer _____

was published in said THE EXPONENT-TELEGRAM once a week

for 2 successive weeks,

commencing on the 3 day of March 2004

and ending on the 10 day of March 2004

The publisher's fee for said publication is \$ 150.54

Given under my hand this 16 day of March 2004

Sara V. Shingleton
Classified Manager of The Exponent-Telegram

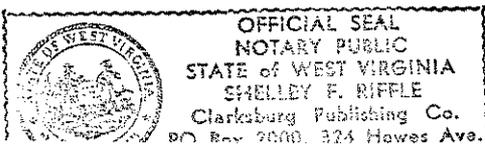
SEAL

Subscribed and sworn to before me this 16 day of March, 2004

Shelley F. Riffle
Notary Public in and for Harrison County, WV

My commission expires on the 21 day of July 2009

Form CA-15 E



Legal Notices

Legal Notices

NOTICE OF PRE-FILING
State of West Virginia

Public Service Commission Charleston

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Enlarged Hepzibah PSD, a public utility in Harrison County
Name of Officer



**ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT
BOARD MEETING**

JULY 11, 2005

The Enlarged Hepzibah PSD met July 11, 2005 at the PSD office in Erie with Board Member Caesar Bango calling the meeting to Order.

Attendance: Fred Martin, Caesar Bango, Darlene Taylor, Lea Wolfe, Howard Mall, Chris Price, Crystal Metz, Richard Barnett of DEP.

Caesar Bango proceeded with Introduction of New Board Members and moved to elect Lee Fredrick Martin as Chairman and Darlene Taylor as Secretary Treasurer. The Motion was second and approved. ✓

Lea Wolfe of Region VI presented Dave Watson of Thrasher Engineering report update on Farnum Road, Erie and Spelter Plants and Lamberts' Run project.

Project Update: See attachment for project cost summary and receipt summary from David Watson.

Lea Wolfe presented to the Board the draw down for Requisition #16 (see attachment). Caesar Bango made Motion for approval of draw down and second by Darlene Taylor and checks were signed by Chairman Fred Martin.

Richard Barnett of DEP reported to the Board the PSD was having several problems with their Spelter and Erie Plants. Both plants are not in compliance with the DEP. These problems need to be addressed and taken care of. These problems have been an on going problem for a long time and have created several negative reports.

Mr. Mall reported to the Board these problems had been addressed at several of the Board Meetings and a decision had not been made. Mr. Mall would like to hire Doug Amos of Amos Environmental Services to help us correct all the problems addressed. Mr. Amos would have a contract with us for one to two years and would help with the problems, training our staff and correcting problems in all areas needed. Darlene Taylor commented she noticed in last meeting notes that these problems have been addressed to the Board. Ms. Taylor made Motion to hire Doug Amos and second by Caesar Bango and passed. Mr. Mall will call Mr. Amos and Contract will be drawn up.

Mr. Mall presented to the Board of buying a utility truck to use when on water leaks. Industrial Rebuilders have a utility truck for \$600.00. Caesar Bango made motion to purchase truck and second by Darlene Taylor.

Crystal Metz presented to the Board we are in need of a second computer. The Computer Mr. Mall is using will not handle all information Doug Amos will be entering into the computer for DEP reports, etc. Darlene Taylor made Motion to purchase computer and second by Caesar Bango and passed.

Darlene Taylor read previous minutes and invoices for approval.

Income Water	\$29,896.47	Income Sewage:	\$18,288.00
Expenses	\$29,743.90	Expenses:	\$21,947.84
Total	\$ 152.57+	Total	\$ 3,659.84-

Caesar Bango made Motion for approval of invoices and Motions was second by Chairman Martin and passed.

Chairman Martin made motion for adjournment and second by Caesar Bango.

Next Board Meeting will be August 8, 2005

THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT

Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

ADOPTION OF BOND RESOLUTION

The undersigned, SECRETARY of the Public Service Board of The Enlarged Hepzibah Public Service Water District, hereby certifies that the following is a true and correct minutes of a special meeting of the said Public Service Board:

The Public Service Board of The Enlarged Hepzibah Public Service Water District met in special session, pursuant to notice duly posted, on the 21st day of July, 2005, at the District's offices, Hepzibah, Harrison County, West Virginia, at the hour of 1:00 p.m.

PRESENT: Lee Fred Martin, Chairman
Caesar Bango, Member

ABSENT: Darlene Taylor, Secretary/Treasurer

Lee Fred Martin, Chairman, presided, and Howard Mall, General Manager, acted as Secretary.

The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING SEWERAGE SYSTEM OF THE ENLARGED HEPZIBAH PUBLIC SERVICE WATER DISTRICT, AND THE FINANCING OF A PORTION OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN

**\$235,000 AGGREGATE PRINCIPAL AMOUNT OF
SEWER REVENUE BONDS, SERIES 2005 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.**

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Mr. Martin and seconded by Mr. Bango, 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.

CERTIFICATION

I hereby certify that the foregoing action of said Public Service Board remains in full force and effect and has not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 25th day of July, 2005.


Secretary

406790.00003

CH762131.1

WV MUNICIPAL BOND COMMISSION
 8 Capitol Street
 Suite 500, Terminal Building
 Charleston, WV 25301
 (304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: July 25, 2005

ISSUE: The Enlarged Hepzibah Public Service Water District Sewer Revenue Bonds, Series 2005 A (United States Department of Agriculture)

ADDRESS: Drawer H, Hepzibah, West Virginia 26369 COUNTY: Harrison

PURPOSE OF ISSUE: New Money: X
 Refunding: _____ REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: July 25, 2005 CLOSING DATE: July 25, 2005

ISSUE AMOUNT: \$235,000 RATE: 4.125%

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

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

BOND COUNSEL: Step toe & Johnson PLLC
 Contact Person: John C. Stump, Esquire
 Phone: (304) 353-8196

UNDERWRITERS COUNSEL: _____
 Contact Person: _____
 Phone: _____

CLOSING BANK: _____
 Contact Person: _____
 Phone: _____

ESCROW TRUSTEE: _____
 Contact Person: _____
 Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
 Contact Person: Howard Mall
 Position: Manager
 Phone: 304.623.2217

OTHER: United States Department of Agriculture
 Contact Person: Mr. Joe Crickenberger
 Function: Rural Development Specialist
 Phone: (304) 252-8644

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

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

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will hold the Series 2005 A Bonds Reserve Account. Payments to the Series 2005 A Bonds Reserve Account will commence within 24 months of closing date.

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

The purpose of the NEW ISSUE REPORT FORM is to provide the WV Municipal Bond Commission with an early warning of three basic facts no later than the day of closing on any issue for which the Commission is to act as fiscal agent. These are:

1. Formal notification that a new issue is outstanding.
2. Date of first action or debt service.
3. Contact people should we lack documents, information, or funds needed to administer the issue by the date of the first action or debt service.

The commission recognizes that as bond transcripts become increasingly long and complex, it has become more difficult to assemble and submit them to the Commission within the 30 days specified by the West Virginia Code 13-3-8. This notice is not intended to provide all the information needed to administer an issue, but to alert the Commission and ensure that no debt service payments are missed due to delays in assembling bond transcripts. If, at the time of closing, documents such as the ordinance and all supplements, debt service schedules, and a specimen bond or photostat are available and submitted with this form, it will greatly aid the Commission in the performance of its duties. These documents are needed to set up the proper accounts and to advise the issuer of monthly deposit requirements as far in advance of the first debt service as possible.

It is not necessary to complete all items if they are not pertinent to your issue. Indicate the County of the issuer. With PSDs that overlap more than one county, indicate the county of their business office. Complete "Rate" only if the issue has only one rate. Please complete a separate form for each series of an issue. Other important information can be recorded under "Notes."

Again, please submit this form on each new issue on the day of closing. If fund transfers into or out of the Commission at closing are required, please submit this form before closing. If no significant facts change by closing, no resubmission at closing is required. If, however, there are changes, please submit an updated form, with changes noted, at closing.

If you should have any questions concerning this form, please call the Commission.

406790.00003



United States
Department of
Agriculture

Rural
Development

Federal Building
75 High Street, Room 320
Morgantown, WV 26505-7500
Phone (304) 284-4888
FAX (304) 284-4892
TTY/TDD (304) 284-4836

August 14, 2002

Marty DeFazio, Chairman
Enlarged Hepzibah Public Service District
Drawer H, Maple Street Extension
Hepzibah, WV 26369

FILE COPY

Dear Mr. DeFazio:

This letter, with Attachments 1 through 12 and enclosures, establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development, by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an RUS loan in the amount of \$235,000, and an RUS grant in the amount of \$620,000, for a total project cost of \$855,000.

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

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted. Enclosed are the following:

- Attachment No. 1 - Project Construction Budget (All Copies)
- Attachment No. 2 - Water and Waste Processing Checklist for Enlarged Hepzibah PSD (All Copies)
- Attachment No. 3 - RUS Instruction 1780, Subparts A and B (Applicant Copy)
- Attachment No. 4 - RUS Instruction 1780, Subpart C (Engineer Copy)
- Attachment No. 5 - RUS Instruction 1780, Subpart D (Attorney and Bond Counsel Copies)
- Attachment No. 6 - RUS Supplemental General Conditions (Engineer Copy)
- Attachment No. 7 - RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Project with RUS Financial Assistance"

Attachment No. 8 - Government Auditing Standards (Revision 1994) (Accountant Copy)

Attachment No. 9 - RUS Bulletin 1780-30, "Water Programs Audit Guide and Compliance Supplement "

Attachment No. 10 - RUS Bulletin 1780-31, "Water Programs Compliance Supplement for OMB Circular A-133 Audits"

Attachment No. 11 - Sample Credit Agreement (Applicant Copy)

Attachment No. 12 - Various other RD Forms as identified on Attachment No. 2

The conditions referred to above are as follows:

1. Loan Repayment - The loan will be scheduled for repayment over a period of 40 years. The payments due the first 24 months will consist of interest only. Payments for the remaining 456 months will be equal amortized monthly installments. For planning purposes use a 4.50% interest rate and a monthly amortization factor of .00459, which provides for a monthly payment of \$1,079. You have the option of participating in the PREAUTHORIZED DEBIT (PAD) payment process. It will allow for your payment to be electronically debited from your account on the day your payment is due. Your authority must establish and fund monthly a debt service reserve account, which equals 10% of your monthly payment each month until you accumulate the equivalent of one annual installment on your loan.

5 107.90

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

2. Security - The loan must be secured by a statutory lien of equal priority with the District's existing bonds, a pledge of the system's revenues and other agreements between you and RUS as set forth in the bond resolution which must be properly adopted and executed by the appropriate officials of your organization. Additional security requirements are contained in RUS Bulletin 1780-12 and RUS Bulletin 1780-27 which are mentioned later.
3. Users - This conditional commitment is based upon you providing evidence that you will have at least 657 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of a certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing sewer system, which is to be partially replaced by the new system, at the time you request authorization to advertise the proposed project for construction bids.

4. Bond Counsel - The services of a recognized bond counsel are required. The bond counsel will prepare the form of resolution to be used, in accordance with Subpart D of RUS Instruction 1780. You should immediately provide your bond counsel with a copy of this letter of conditions, its attachments and enclosures.
5. Engineering Services - It will be necessary for you to obtain the services of an engineer. EJCDC No. 1910-1-FA, "Standard Form of Agreement between Owner and Engineer for Professional Services" (Funding Agency Edition) should be used to obtain the services of an engineer. The EJCDC document is issued under copyright and cannot be provided by RUS.

Prior to loan and grant closing, you must provide RUS with documentation that the West Virginia Public Service Commission has reviewed and approved the engineering agreement.

6. Legal Services - It will be necessary for you to obtain the services of a local attorney. For your convenience RUS Bulletin 1780-7, "Legal Services Agreement" is enclosed for your use.
7. Accounting Services - It will be necessary for you to obtain the services of a qualified accountant. The accountant must agree to develop and provide the following:
 - a. All necessary accounting material required by the Public Service Commission of West Virginia (Rule 42 Exhibit).
 - b. Prior to the advertisement of bids, your accountant must certify that the accounts and records as required by your bond resolution have been established and are operational.

The Accountant's Agreement should be submitted to RUS for review. Compensation in the contract should include only those services identified above and not include payment for construction management services from the accountant unless RUS concurrence is obtained.

RUS regulations (Attachment No. 3) outline requirements for the submission of management reports and audits. Appropriate state statutes place certain audit requirements on your PSD. The attached booklets, "Government Auditing Standards (Revised 1994)" (Attachment No. 8), and RUS Bulletins 1780-30 1780-31 (Attachment Nos. 9 and 10) outline audit requirements.

You are reminded that certain provisions of the Office of Management and Budget Circular A-133 are applicable to any public body or nonprofit association that expends \$300,000 or more in federal funds in any one fiscal year. You must enter into an agreement annually with an accountant (or the State Tax Department) to

perform the audit. The agreement must be in accordance with the requirements of the State Tax Commissioner of West Virginia. Compensation for preparation of the A-133 audit or your annual audit are not included in project funds and should be paid from the operational revenues generated from your system operation.

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

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

10. Public Service Commission Approvals - You must obtain the following from the Public Service Commission of West Virginia:

- a. A Certificate of Convenience and Necessity.
- b. Approval of user charges that are acceptable to you and the Rural Utilities Service.
- c. Approval of financing for the project's proposed financing arrangements.

The "Rule 42" Exhibit to be attached to the Public Service Commission application must contain at least the information shown in Attachment No. 1. A copy of the Public Service Commission application and its "Rule 42" Exhibit must be provided for review.

11. Insurance and Bonding Requirements - Prior to preliminary loan closing, you must acquire the following insurance and bond coverage:

- a. Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. The limits of liability coverage noted herein should be considered as suggested amounts only. RUS recommends that you consider analyzing your actual needs in detail before you obtain coverage in a specific amount.
- b. Workers' Compensation - In accordance with appropriate State laws.
- c. Position Fidelity Bond(s) - All positions occupied by persons entrusted with the receipt and/or disbursement of funds must be bonded. As a good business practice you will probably wish to have each position bonded in an amount equal to the maximum amount of funds to be under the control of that position at any one time. The minimum coverage acceptable to RUS will be for each position to be bonded for an amount at least equal to one annual installment on your loan(s).
- d. National Flood Insurance - In addition to meeting the requirements for the type of assistance requested, the following requirements must be met for financial assistance for acquisition and/or construction in designated special flood or mudslide prone areas:

- (1) If flood insurance is available, you must purchase a flood insurance policy at the time of loan closing.
- (2) Applicants whose buildings, machinery or equipment are to be located in a community which has been notified as having special flood or mudslide prone areas will not receive financial assistance where flood insurance is not available.

e. Real Property Insurance - Prior to the acceptance of the facility from the contractor(s), you must obtain real property insurance (fire and extended coverage) on all above-ground structures, to include machinery and equipment housed therein. This does not apply to water reservoirs, standpipes, elevated tanks or noncombustible materials used in treatment plants, clearwells, filters and the like.

12. Contract Documents, Final Plans and Specifications -

a. The contract documents should consist of the following:

- (1) EJCDC Document No. 1910-8-A-1-FA, 1997 Edition, "Standard Form of Agreement between Owner and Contractor on the Basis of Stipulated Price" and EJCDC Document No. 1910-8-FA, "Standard General Conditions of the Construction Contract - Funding Agency Edition" and Attachments. The EJCDC document is issued under copyright and cannot be provided by RUS.
- (2) "RUS Supplemental General Conditions."

RUS Bulletin 1780-26, "Guidance for the Use of EJCDC Standard Documents on Water and Waste Projects with RUS Financial Assistance," is enclosed for use by your engineer in the preparation of the contract documents (Attachment No. 7).

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

- (1) Liability Insurance - Personal Liability - \$500,000; Property Damage - \$200,000 - \$200,000. This coverage must include indemnification of the PSD and its engineer. RUS Bulletin 1780-13, Attachment 9, suggests certain limits of liability for insurance coverage. Those limits should be considered as minimum requirements only. It is recommended you consider increasing the given limits of liability after analyzing your specific needs.
- (2) Builder's Risk Insurance - On all structures and mechanical and electrical equipment in place or stored on the site to the full insurable value thereof.

(3) Workers' Compensation - In accordance with applicable State laws.

- c. The contract documents and final plans and specifications must be submitted to RUS for approval.
 - d. The project must be designed in compliance with Section 504 of the Rehabilitation Act of 1973.
13. Interim Financing - Interim financing will be used for the RUS loan if it is available at reasonable rates and terms. You must provide RUS with a copy of the tentative agreement reached in connection with interim financing. A copy of the proposed agreement should be provided for RUS review. A Sample Credit Agreement is attached for your use in meeting this requirement (Attachment No. 11).
14. Disbursement of Funds - The RUS funds will be advanced as they are needed in the amount(s) necessary to cover the RUS proportionate share of any disbursements required of your PSD, over 30 day periods. Any grant funds not disbursed immediately upon receipt must be deposited in an interest bearing account.

Public Bodies – Interest earned on grant funds in excess of \$100 per year will be submitted to RUS at least quarterly as required in 7 CFR 3016.

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

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

Form RD 442-7 - "Operating Budget"

Form RD 1940-1 - "Request for Obligation of Funds"

RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"

RUS Bulletin 1780-27 - "Loan Resolution (Public Bodies)"

Form RD 400-1 - "Equal Opportunity Agreement"

Form RD 400-4 - "Assurance Agreement"

Form AD 1047 - "Certification Regarding Debarment - Primary"

Form AD 1049 - "Certification Regarding Drug-Free Workplace"

Form RD 1910-11 - "Applicant Certification, Federal Collection Policies"

FmHA Instruction 1940-Q, Exhibit A-1, "Certification for Contracts, Grants and Loans"

Standard Form LLL - "Disclosure of Lobbying Activities" (If Applicable)
Certification of Compliance
Form RD 1942-46, "Letter of Intent to Meet Conditions"

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

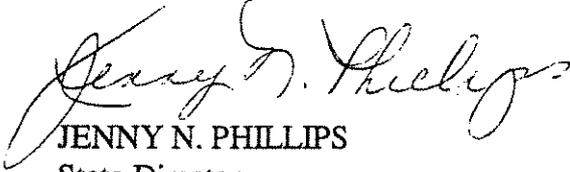
When all parties agree that the closing requirements can be met, a mutually acceptable date for the loan closing will be scheduled.

Any applicant contribution shall be considered as the first funds expended. After providing for all authorized costs, any remaining RUS project funds will be considered to be RUS grant funds and refunded to RUS. If the amount of unused RUS project funds exceeds the RUS grant, that part would be RUS loan funds.

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the authority still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

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

Sincerely yours,



JENNY N. PHILLIPS
State Director

Enclosures

cc: Rural Development Specialist
Elkins, WV

Thrasher Engineering
30 Columbia Blvd.
Clarksburg, WV 26301

Tetrick & Bartlett, CPAs
122 N. Oak Street
Clarksburg, WV 26302-1916

Harold Yost, Attorney at Law
126 West Main Street
Bridgeport, WV 26336

Project Construction Budget

<u>PROJECT COST</u>	<u>RUS GRANT</u>	<u>RUS LOAN</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 427,000	\$ 150,000	\$ 577,000
CONST. CONTINGENCY	\$ 43,000	\$ 15,000	\$ 58,000
LAND & RIGHTS	\$ 7,400	\$ 2,600	\$ 10,000
LEGAL FEES	\$ 5,900	\$ 2,100	\$ 8,000
BOND COUNSEL	\$ 11,100	\$ 3,900	\$ 15,000
ACCOUNTING	\$ 3,000	\$ 1,000	\$ 4,000
ENGINEERING FEES	\$ 75,880	\$ 26,600	\$ 102,480
Basic - \$43,700			
Insp. - \$47,280			
Special - \$11,500			
INTEREST		\$ 21,150	\$ 21,150 = 2 years
EQUIPMENT	\$ 7,400	\$ 2,600	\$ 10,000
PROJECT CONTG.	\$ 39,320	\$ 10,050	\$ 49,370
TOTAL	\$ 620,000	\$ 235,000	\$ 855,000

Rates

Available for general domestic, commercial, and industrial service.

First	4,000	gallons @	\$ 5.02	per M gallons
Over	4,000	gallons @	\$ 5.02	per M gallons

Minimum Charge

No bill shall be rendered for less than the following amounts according to the size of meter installed.

5/8" x 3/4"	meter	\$ 20.08	per month
3/4"	meter	\$ 30.12	per month
1"	meter	\$ 50.20	per month
1 1/2"	meter	\$ 100.40	per month
2"	meter	\$ 160.64	per month
3"	meter	\$ 301.20	per month
4"	meter	\$ 502.00	per month
6"	meter	\$ 1,004.00	per month
8"	meter	\$ 1,606.41	per month

Minimum Monthly Bill \$ 20.08 for 4,000 gallons

Attachment No. 1 to Letter of Conditions

For:

Date:

ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
EXISTING SYSTEM

Blocking	Cust. Mo.	CCF/ Mo.	Minimum Bills	Over 4,000	TOTAL REVENUE
0 - 4000	252	614 min	(252)		
> 4000	302	2878	2878	2878	

3,000 gal.

(252) min.

Monthly Total 554 3492 252 2878

Proposed Rates \$ 20.08 \$ 5.015

Monthly Revenues \$ 5,060.16 \$ 14,433.17 \$ 19,493.33

Annual Revenues \$ 60,721.92 \$ 173,198.04 \$ 233,919.96

7,9805 in annual

Cust. to gal.

\$ 20.08 for 6,000 gal.

\$ 2.51 for 300 gal.

\$ 27.59 for 11,000 gal.

20.08 / 3,000 gal min

\$ 6.71 / thousand gal.

\$ 30.17 for 4,500 gal.

Attachment No. 1 to Letter of Conditions

For:

Date:

ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT
USE AND INCOME ANALYSIS
EXTENSION TO LAMBERTS RUN

Blocking	Cust. Mo.	CCF/ Mo.	Minimum Bills	Over 4,000	TOTAL REVENUE
0 - 4000					
> 4000	103	518		518	
Monthly Total	103	518	0	518	
Proposed Rates			\$ 20.08	\$ 5.015	
Monthly Revenues			\$ -	\$ 2,597.77	\$ 2,597.77
Annual Revenues			\$ -	\$ 31,173.24	\$ 31,173.24

**ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT
OPERATING BUDGET**

OPERATING INCOME		
Metered Sales	\$	265,093
Penalties		
Other Income		
Reconnect Fees		
TOTAL OPERATING INCOME		<u>\$ 265,093</u>
NON OPERATING INCOME		
Interest income	\$	68
TOTAL NON OPERATING INCOME		<u>\$ 68</u>
TOTAL INCOME		<u>\$ 265,161</u>
EXPENSES		
O & M	\$	132,767
Plant Additions (1)	\$	4,313
Taxes	\$	3,065
TOTAL EXPENSES		<u>\$ 140,145</u>
INCOME AVAILABLE FOR D/S (A)		<u>\$ 125,016</u>
DEBT SERVICE		
Existing Bond P & I (B)	\$	95,746
Proposed Bond P & I (B) (2)	\$	12,948
TOTAL DEBT SERVICE		<u>\$ 108,694</u>
DEBT SERVICE RESERVE		
Debt Service Reserve* (3)	\$	11,527
TOTAL DEBT SERVICE RESERVE		<u>\$ 11,527</u>
SURPLUS (DEFICIT)		<u>\$ 4,795</u>
DEBT COVERAGE (A/B)		1.15

(1) Based on 50% of historical per Rule 42, as the potential for additions will be minimal once the two proposed extensions have been completed.

(2) RUS loan of \$235,000; a RUS grant of \$620,000

(3) Based on existing reserve(10,232) plus proposed(1,295)

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

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
SF 424.2	Application for Federal Assistance	3	1780.31(b)	Applicant		HAVE	3
	Public Notice of Intent to File App./ Env. Notice	3	1780.19(a) 1794	Applicant			3
Bulletin 1780-22	Applicant Eligibility Certification/ Other Credit Certification	1	1780.33(d)	Applicant			3
	Bond Ordn. or Resol. On Outstanding Debts	1	1780.33(e)	Applicant/ Attorney			5
	Bonds or Notes Outstanding Debt	1	1780.33(e)	Applicant/ Attorney			5
	Audit for last year of operation	1	1780.33(e)	Applicant/ Accountant			1
	Staff Review Financial Statements	1	S.I. 1780.2	RUS		HAVE	1
EJCDC No. 1910-1-FA	Agreement between Owner & Engineer	3	1780.39(b)	Applicant/ Engineer			6
Bulletin 1780-7 or other approved	Legal Services Agreement with Local Attorney	3	1780.39 (b)(2)	Applicant/ Attorney			5
(NPA's Only)	Organizational Documents	1	1780.33(e)	Applicant/ Attorney			5

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Site Visit		S.I. 1780-2	RUS			3
	Processing Conference	1	1780.39(a)	RUS			3
	Environmental Report	2	1794	Applicant			3
	Environmental Assessment	2	1794	RUS/ Engineer			3
	FONSI/ Evidence of Publication	1	Exhibit 1 RUS 1794 News Ad	RUS/ Applicant			3
Bulletins 1780-2 1780-3	Preliminary Engineering Report	2	1780.33(c)	Engineer		HAVE	6
	Staff Engineer PER Review	1	1780.33(c)	RUS			3
	Bill Analysis for existing system(s)	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Projected Bill Analysis for New Users	2	1780.33(c)	Applicant/ Engineer		HAVE	8
	Statement reporting the <u>total</u> number of <u>potential</u> users		1780.33(c)	Applicant/ Engineer		HAVE	8
	Copy of Existing Rate Tariff	2	1780.33	Applicant		HAVE	8
	Applicant's IRS Tax Number(TIN)	1	1780.33(g)	Applicant		HAVE	3
	Agency Det- ermination on the Availability of "Other Credit" with Docu- mentation	1	1780.7(d)	RUS			3

Form Number	Document or Action	Number Needed	Procedure Reference	Provided By	Target Date	Date Received	File Position
	Documentation on Service Area	1	1780.11	RUS		HAVE	3
Bulletin 1780-1	Project Selection Criteria	2	1780.17	RUS		HAVE	1
Automated Form	Grant Determination	3	1780.35(b)	RUS		HAVE	2
	Letter of Conditions	7	1780.41 (a)(5)	RUS		HAVE	3
AD 1049	Certification Regarding Drug-Free Workplace	1	1780.33(h)	Applicant			5
	Minutes Adopting Drug-Free Workplace Program	1	LOC	Applicant			5
Exhibit A / A-1	Certifications Regarding Lobbying	2	1780.33(h)	Applicant			2
RD 1942-45	Project Summary	3	1780.41(a)	RUS		HAVE	1
RD 442-7	Operating Budget	3	1780.33(h)	Applicant		HAVE	3
RD 1942-14	Project Fund Analysis	3	1780.41(a)	RUS		HAVE	2
RD 1940-1	Request for Obligation of Funds	4	1780.41(a)	RUS/ Applicant			2
RD 1942-46	Letter of Intent to Meet Conditions	2	1780.41 (a)(6)	Applicant			3
AD 1047	Certification Regarding Debarment (Primary)	1	1780.33(h)	Applicant			5

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Relationships/ Associations with Agency Employees	1	1780.1(f)	RUS			3
RD 1910-11	Applicant Certification, Federal Collect- ion Policies	1	1780.33(h)	Applicant			3
Bulletin 1780-27	Loan Resolution	1	1780.45 (a)(2)	Applicant			5
RD 400-1	Equal Opportunity Agreement	1	1901-E	Applicant			6
RD 400-4	Assurance Agreement	1	1901-E	Applicant			3
	Legal Services Agreement with Bond Counsel	1	1780.39 (b)(3)	Applicant/ Bond Counsel			5
	Agreement for Accounting Services	1	1780.39 (b)(2)	Applicant/ Accountant			5
	Sewer Users Agreement or State Health Dept. Mandatory Hook-Up Com- mitment Ltr.	1	1780.39 (c)(3)	Applicant			5
	Evidence of Users:						
	1. Map of Users with each identified by number	1	LOC	Applicant			Separate File
	2. List of Signed Users Numbered to Map	1	LOC	Applicant			5
	3. List of Declination Statements Numbered to Map	1	LOC	Applicant			5

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

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Dept. of Environmental Protection Permit	1	1780.15(d)	Engineer			6
	Contract Documents, Plans & Specifications	2	1780.61(a)	Engineer			Separate File
	Agency Determination on Procurement	1	1780.70(d)	RUS			6
	Preliminary Bond Transcript Documents w/o Defeasance Provisions	2	1780.83	Bond Counsel			5
	Right-of-Way Map	1	1780.44(g)	Engineer			Separate File
	Deeds and/or Options		1780.44.(g)	Applicant/ Attorney			5
RD 1927-9	Preliminary Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Narrative Opinion from Attorney	1	1780.44(g)	Attorney			5
	Waiver of Title Defects Letter	1	1780.44(g)	RUS			5
RD 442-22	Opinion of Counsel Relative to R/Ways		1780.44 (g)(1)	Attorney			5
	Review of Outstanding Judgment	1	1780.7(g)	RUS/ Attorney			3
SF 3881	Electronic Funds Transfer Payment Enrollment Form	1	31 CFR 208	Applicant/ Financial Institution			2

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
	Positive Program to Encourage Connections when Completed	1	1780.39 (c)(5)	Applicant			5
RD 442-10	Appraisal Report	1	1780.44(g)	RUS			8
	Documentation Relative to Health or Sanitary Hazards	1	1780.1 (c)(1) 1780.13 (b)(1)	RUS/State Health Department			2
	PSC Approval	1	1780.15(b)	Applicant/ Attorney			5
	Bid Tabulation	1	1780.61(b)	Engineer			6
	OGC Closing Instructions	1	1780.44(h)	RUS			5
	S/O Closing Instructions	1	1780.44(h)	RUS			5
RD 1927-10	Final Title Opinion	1	1780.44 (g)(2)	Applicant/ Attorney			5
	Bond Transcript Documents w/o Defeasance Provisions	3	1780.83	Bond Counsel			Separate File
RD 400-8	Compliance Review	1	1780.44(c)	RUS			5
	Liability Insurance	1	1780.39(g)	Applicant			7
	Workers' Compensation Certificate	1	1780.39(g)	Applicant			7
	Flood Insurance Policy	1	1780.39(g)	Applicant			7
440-24	Fidelity Bond	1	1780.39(g)	Applicant			7

<u>Form Number</u>	<u>Document or Action</u>	<u>Number Needed</u>	<u>Procedure Reference</u>	<u>Provided By</u>	<u>Target Date</u>	<u>Date Received</u>	<u>File Position</u>
1924-16	Record of Pre-Construction Conference	1	1780.76(a)	RUS/ Engineer			6
AD 1048	Certification Regarding Debarment (Contractor)	1 each	1780.33(h)	All Appropriate Vendors			5
	OGC Final Opinion	1	1780.45(g)	RUS			5



United States Department of Agriculture
Rural Development
West Virginia State Office

July 7, 2005

Marty DeFazio, Chairman
Enlarged Hepzibah Public Service District
Drawer H, Maple Street Extension
Hepzibah, WV 26369

RE: Amendment No. 1 to
Letter of Conditions

Dear Mr. DeFazio:

This letter, with the attached revised budget amends the letter of conditions dated August 14, 2002 and further establishes conditions which must be understood and agreed to by you before further consideration may be given to your application. The loan and grant will be administered on behalf of the Rural Utilities Service (RUS) by the State and Area staff of USDA, Rural Development. Any changes in project cost, source of funds, scope of services, or any other significant changes in the project or applicant must be reported to and approved by USDA, Rural Development by written amendment to this letter. Any changes not approved by Rural Development shall be cause for discontinuing processing of the application.

The docket may be completed on the basis of an initial RUS loan in the amount of \$235,000, an initial RUS grant in the amount of \$620,000, and a subsequent RUS grant in the amount of \$70,000, for a total project cost of \$925,000.

Subject to the requirements noted herein, all of the conditions of the August 14, 2002 letter of conditions remain in effect and must be satisfied prior to loan and grant closing.

Extra copies of this letter are being provided for use by your engineer, attorney, bond counsel and accountant. The enclosures and attachments listed below are attached to the copies as noted.

1. Public Service Commission Approval - You must obtain PSC approval of the project's proposed financing and user rates as may result from this amendment to the letter of conditions.

75 High Street • Suite 320 • Morgantown, WV 26505-7500
Phone: (304) 284-4860 • Fax: (304) 284-4893 • TDD: (304) 284-4865 • Web: <http://www.rurdev.usda.gov/wv>

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

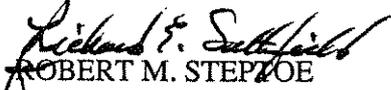
2. At a properly called meeting, you must adopt and properly execute the following forms, which are enclosed, and minutes showing the adoption must be provided (you must also provide us with a copy of the minutes showing the adoption of the forms associated with the original letter of conditions):

RUS Bulletin 1780-12 - "Water or Waste System Grant Agreement"
Form 1940-1 - "Request for Obligation of Funds"
Form RD 1942-46 - "Letter of Intent to Meet Conditions"

If the conditions set forth in this letter are not met within six (6) months from the date hereof, RUS reserves the right to discontinue processing of the application. In the event the project has not advanced to the point of loan closing within the six-month period and it is determined the Public Service District still wishes to proceed, it will be necessary that the proposed budget be reviewed again in detail. If, during that review, it is determined the budget is no longer current and/or adequate, RUS reserves the right to require that it be revised or replaced.

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

Sincerely,


ROBERT M. STEPTOE
State Director

Enclosures

cc: Area Director, Elkins
ATTN: Rural Development Specialist (RUS)

Tetrick and Bartlett, CPAs
Clarksburg, WV

Harold Yost, Attorney at Law
Bridgeport, WV

Steptoe and Johnson, Attorneys at Law
ATTN: Vince Collins
Morgantown, WV

Thrasher Engineering, Inc.
ATTN: David Watson, P.E.
Clarksburg, WV

REVISED PROJECT AFTER BID OVERRUN
 ENLARGED HEPZIBAH PSD - LAMBERT'S RUN EXTENSION
 Date: July 25, 2005

<u>PROJECT COST</u>	<u>RUS LOAN</u>	<u>INITIAL RUS GRANT</u>	<u>SUBSEQUENT RUS GRANT</u>	<u>TOTAL</u>
CONSTRUCTION	\$ 99,700	\$ 519,420	\$ 69,959.90	\$ 689,079.90
CONST. CONTINGENCY	\$ 15,000	\$ 21,000	\$ -	\$ 36,000.00
LAND & RIGHTS	\$ 22,000	\$ -	\$ -	\$ 22,000.00
LEGAL FEES	\$ 6,400	\$ 1,600	\$ -	\$ 8,000.00
BOND COUNSEL	\$ 9,500	\$ -	\$ -	\$ 9,500.00
ACCOUNTING	\$ 4,000	\$ -	\$ -	\$ 4,000.00
ENGINEERING FEES	\$ 45,000	\$ 66,480	\$ -	\$ 111,480.00
Basic - \$43,700				
Insp. - \$47,280				
Special - \$20,500 (w/ Amend 1)				
INTEREST - (2 Yrs. @ 4.125%)	\$ 19,400	\$ -	\$ -	\$ 19,400.00
PERMITS, DOH FEE, EQUIPMENT	\$ 7,500	\$ 5,000	\$ -	\$ 12,500.00
PROJECT CONTINGENCY.	\$ 6,500	\$ 6,500	\$ 40.10	\$ 13,040.10
TOTAL	\$ 235,000	\$ 620,000	\$ 70,000.00	\$ 925,000.00



United States Department of Agriculture
Rural Development
Elkins Area Office

COPY

July 11, 2005

Enlarged Hepzibah Public Service District
Attention: Mr. Howard C. Mall, Manager
Drawer H
Hepzibah, WV 26369

Dear Mr. Mall:

This letter is to confirm that the pre-closing meeting for the USDA Rural Utilities Service (RUS) loan and grant on the upcoming Enlarged Hepzibah PSD Lambert's Run Sewer Project is planned for July 21, 2005, at 1:00 p.m. in the Enlarged Hepzibah PSD office. A pre-construction conference will follow at 2:00 p.m. The official loan closing date for the PSD's project will be July 25, 2005. Please have your accountant and your attorney available at 1:00 p.m. for pre-closing decisions.

Reference is made to the RUS letter of conditions dated August 14, 2002. All of the requirements of that letter must be met and the loan must be closed in accordance with RUS Instruction 1780.

Many of the aforementioned items have already been addressed. Those items remaining to be satisfied prior to loan closing include:

1. The Certification on the Loan Resolution will be completed at pre-closing.
2. The Gant Agreement will be properly executed at the pre-closing.

Randolph Center Building • 1200 Harrison Avenue, Suite 150 • Elkins, West Virginia 26241
Phone: (304) 636-2158 • Fax: (304) 636-5902 • TDD: (304) 284-4836 • Web: <http://www.rurdev.usda.gov/wv>

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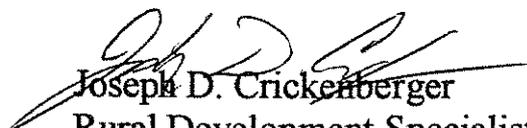
"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call (202) 720-5964 (voice or TDD).

3. The PSD's attorney will need to provide Form RD 442-22, Opinion of Counsel Relative to Rights-of-Way, showing no exceptions. This form should be dated July 25, 2005.
4. The PSD's attorney must furnish a Form RD 1927-10, Final Title Opinion, on all land(s) being acquired. In addition, the attorney must provide a separate final title opinion(s) covering all existing property owned by the PSD. The opinion(s) should be dated July 25, 2005.
5. In accordance with Item 8(c) of the letter of conditions, the PSD's attorney must furnish a narrative opinion addressing all permits, certifications, and other items necessary to show that all legal requirements can be met and stating how they will be met. The narrative should also identify any condemnation proceedings that are anticipated and state how they will be handled. At minimum, a "right of entry" must be obtained for all properties before the pre-closing.
6. I would like to review a draft of the items the attorney will be submitting at pre-closing. Please have the draft versions of the documents listed in Items 3, 4, & 5 above sent to our office no later than July 19, 2005.
7. In accordance with the Legal Services Agreement, your project attorney should be on hand during the pre-construction conference to review construction contracts, and contracting procedure, as well as surety and contractual bonds in connection with the project.
8. No later than the date of the pre-closing meeting, the PSD must provide written evidence that all required insurance coverage and fidelity bond coverage has been obtained in accordance with Item 11 of the Letter of Conditions.
9. The permit from the West Virginia Department of Highways must be on hand at the closing. The PSD should proceed to obtain the necessary bond and forward it to the WVDOH with a request that the permit be issued.
10. All applicable Public Service Commission certificates and/or approvals must be obtained prior to closing, and a written verification provided to RUS.
11. The PSD's accountant must certify that all accounts and records are properly established and are operational in accordance with item 7(b) of the letter of conditions.
12. The PSD must provide RUS with a current copy of their Workers' Compensation Certificate.

13. The Contractors involved in the construction of the project will need to complete Form AD 1048, "Certification Regarding Debarment – Lower Tier Covered Transactions".
14. The first requisition for Rural Development funds should be created and submitted for Rural Development review as soon as possible. Once it is approved, the bond counsel will need to know the amount so that the bond can be properly completed.
15. Please be prepared to have a properly called meeting of the PSD's Board of Directors during the pre-closing process in case it becomes necessary for the Board to make decisions in connection with your project. Also please bring any official seal that the PSD uses for authenticating documents.
16. Bobby Dominick, our Rural Development Technician, is planning to complete a Civil Rights Compliance Review with the PSD at the pre-closing. This is normally in the format of an informal interview to help him gather the information for the review.

Thank you for doing business with USDA Rural Development. If you have any questions regarding these or any other matters pertaining to your loan and grant, please contact our office at your earliest convenience.

Sincerely,


Joseph D. Crickenberger
Rural Development Specialist

CC: State Director
USDA- Rural Development

John C. Stump
Steptoe & Johnson
Bond Counsel

Harold S. Yost
Attorney at Law

David Watson
Thrasher Engineering
Consulting Engineers

Julie Nice
Tetrick & Bartlett
Certified Public Accountant

COPY

WATER OR WASTE SYSTEM GRANT AGREEMENT
UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL UTILITIES SERVICE

THIS AGREEMENT dated July 25, 2005 between
Enlarged Hepzibah PSD

a public corporation organized and operating under _____
Chapter 16, Article 13A, of the West Virginia Code
(Authorizing Statute)

herein called "Grantee," and the United States of America acting through the Rural Utilities Service,
Department of Agriculture, herein called "Grantor," WITNESSETH:

WHEREAS

Grantee has determined to undertake a project of acquisition, construction, enlargement, or capital improvement
of a (water) (sewer) system to serve the area under jurisdiction at an estimated cost of \$ 925,000
and has duly authorized the undertaking of such project.

Grantee is able to finance not more than \$ 235,000 of the development cost through revenues,
charges, taxes or assessments, or funds otherwise available to Grantee resulting in a reasonable user charge.

Said sum of \$ 235,000 has been committed to and by Grantee for such project
development costs.

Grantor has agreed to grant the Grantee a sum not to exceed \$ 690,000 or 74.59% percent
of said development costs, whichever is the lesser, subject to the terms and conditions established by the Grantor.
Provided, however, that the proportionate share of any grant funds actually advanced and not needed for grant
purposes shall be returned immediately to the Grantor. The Grantor may terminate the grant in whole, or in part,
at any time before the date of completion, whenever it is determined that the Grantee has failed to comply with
the conditions of the grant.

As a condition of this grant agreement, the Grantee assures and certifies that it is in compliance with and will
comply in the course of the agreement with all applicable laws, regulations, Executive orders and other generally
applicable requirements, including those set out in 7 CFR 3015.205(b), which hereby are incorporated into this
agreement by reference, and such other statutory provisions as are specifically set forth herein.

NOW, THEREFORE, In consideration of said grant by Grantor to Grantee, to be made pursuant to
Section 306 (a) of the Consolidated Farm and Rural Development Act the purpose only of defraying a part not
to exceed 74.59% percent of the development costs, as defined by applicable Rural Utilities Service
Instructions.

GRANTEE AGREES THAT GRANTEE WILL:

A. Cause said project to be constructed within the total sums available to it, including said grant, in
accordance with the project plans and specifications and any modifications thereof prepared by Grantee and
approved by Grantor.

B. Permit periodic inspection of the construction by a representative of Grantor during construction.

C. Manage, operate and maintain the system, including this project if less than the whole of said system, continuously in an efficient and economical manner.

D. Make the services of said system available within its capacity to all persons in Grantee's service area without discrimination as to race, color, religion, sex, national origin, age, marital status, or physical or mental handicap (possess capacity to enter into legal contract for services) at reasonable charges, including assessments, taxes, or fees in accordance with a schedule of such charges, whether for one or more classes

of service, adopted by resolution dated _____, as may be modified from time to time by Grantee. The initial rate schedule must be approved by Grantor. Thereafter, Grantee may make such modifications to the rate system as long as the rate schedule remains reasonable and nondiscriminatory.

E. Adjust its operating costs and service charges from time to time to provide for adequate operation and maintenance, emergency repair reserves, obsolescence reserves, debt service and debt service reserves.

F. Expand its system from time to time to meet reasonably anticipated growth or service requirements in the area within its jurisdiction.

G. Provide Grantor with such periodic reports as it may require and permit periodic inspection of its operations by a representative of the Grantor.

H. To execute any agreements required by Grantor which Grantee is legally authorized to execute. If any such agreement has been executed by Grantee as a result of a loan being made to Grantee by Grantor contemporaneously with the making of this grant, another agreement of the same type need not be executed in connection with this grant.

I. Upon any default under its representations or agreements set forth in this instrument, Grantee, at the option and demand of Grantor, will repay to Grantor forthwith the original principal amount of the grant stated herein above with the interest at the rate of 5 percentum per annum from the date of the default. Default by the Grantee will constitute termination of the grant thereby causing cancellation of Federal assistance under the grant. The provisions of this Grant Agreement may be enforced by Grantor, at its option and without regard to prior waivers by it previous defaults of Grantee, by judicial proceedings to require specific performance of the terms of this Grant Agreement or by such other proceedings in law or equity, in either Federal or State courts, as may be deemed necessary by Grantor to assure compliance with the provisions of this Grant Agreement and the laws and regulations under which this grant is made.

J. Return immediately to Grantor, as required by the regulations of Grantor, any grant funds actually advanced and not needed by Grantee for approved purposes.

K. Use the real property including land, land improvements, structures, and appurtenances thereto, for authorized purposes of the grant as long as needed.

1. Title to real property shall vest in the recipient subject to the condition that the Grantee shall use the real property for the authorized purpose of the original grant as long as needed.

2. The Grantee shall obtain approval by the Grantor agency for the use of the real property in other projects when the Grantee determines that the property is no longer needed for the original grant purposes. Use in other projects shall be limited to those under other Federal grant programs or programs that have purposes consistent with those authorized for support by the Grantor.

3. When the real property is no longer needed as provided in 1 and 2 above, the Grantee shall request disposition instructions from the Grantor agency or its successor Federal agency. The Grantor agency shall observe the following rules in the disposition instructions:

(a) The Grantee may be permitted to retain title after it compensates the Federal Government in an amount computed by applying the Federal percentage of participation in the cost of the original project to the fair market value of the property.

(b) The Grantee may be directed to sell the property under guidelines provided by the Grantor agency. When the Grantee is authorized or required to sell the property, proper sales procedures shall be established that provide for competition to the extent practicable and result in the highest possible return.

[Revision 1, 04/17/1998]

(c) The Grantee may be directed to transfer title to the property to the Federal Government provided that in such cases the Grantee shall be entitled to compensation computed by applying the Grantee's percentage of participation in the cost of the program or project to the current fair market value of the property.

This Grant Agreement covers the following described real property (use continuation sheets as necessary).

L. Abide by the following conditions pertaining to equipment which is furnished by the Grantor or acquired wholly or in part with grant funds. Equipment means tangible, non-expendable personal property having a useful life of more than one year and an acquisition cost of \$5,000 or more per unit. A Grantee may use its own definition of equipment provided that such definition would at least include all equipment defined above.

[Revision 1, 04/17/1998]

1. Use of equipment.

(a) The Grantee shall use the equipment in the project for which it was acquired as long as needed. When no longer needed for the original project, the Grantee shall use the equipment in connection with its other Federally sponsored activities, if any, in the following order of priority:

(1) Activities sponsored by the Grantor.

(2) Activities sponsored by other Federal agencies.

(b) During the time that equipment is held for use on the project for which it was acquired, the Grantee shall make it available for use on other projects if such other use will not interfere with the work on the project for which the equipment was originally acquired. First preference for such other use shall be given to Grantor sponsored projects. Second preference will be given to other Federally sponsored projects.

2. Disposition of equipment. When the Grantee no longer needs the equipment as provided in paragraph (a) above, the equipment may be used for other activities in accordance with the following standards:

(a) Equipment with a current per unit fair market value of less than \$5,000. The Grantee may use the equipment for other activities without reimbursement to the Federal Government or sell the equipment and retain the proceeds.

(b) Equipment with a current per unit fair market value of \$5,000 or more. The Grantee may retain the equipment for other uses provided that compensation is made to the original Grantor agency or its successor. The amount of compensation shall be computed by applying the percentage of Federal participation in the cost of the original project or program to the current fair market value or proceeds from sale of the equipment. If the Grantee has no need for the equipment and the equipment has further use value, the Grantee shall request disposition instructions from the original Grantor agency.

The Grantor agency shall determine whether the equipment can be used to meet the agency's requirements. If no requirement exists within that agency, the availability of the equipment shall be reported, in accordance with the guidelines of the Federal Property Management Regulations (FPMR), to the General Services Administration by the Grantor agency to determine whether a requirement for the equipment exists in other Federal agencies. The Grantor agency shall issue instructions to the Grantee no later than 120 days after the Grantee requests and the following procedures shall govern:

(1) If so instructed or if disposition instructions are not issued within 120 calendar days after the Grantee's request, the Grantee shall sell the equipment and reimburse the Grantor agency an amount computed by applying to the sales proceeds the percentage of Federal participation in the cost of the original project or program. However, the Grantee shall be permitted to deduct and retain from the Federal share ten percent of the proceeds, for Grantee's selling and handling expenses.

(2) If the Grantee is instructed to ship the equipment elsewhere the Grantee shall be reimbursed by the benefiting Federal agency with an amount which is computed by applying the percentage of the Grantee participation in the cost of the original grant project or program to the current fair market value of the equipment, plus any reasonable shipping or interim storage costs incurred.

(3) If the Grantee is instructed to otherwise dispose of the equipment, the Grantee shall be reimbursed by the Grantor agency for such costs incurred in its disposition.

3. The Grantee's property management standards for equipment shall also include:

(a) Records which accurately provide for: a description of the equipment; manufacturer's serial number or other identification number; acquisition date and cost; source of the equipment; percentage (at the end of budget year) of Federal participation in the cost of the project for which the equipment was acquired; location, use and condition of the equipment and the date the information was reported; and ultimate disposition data including sales price or the method used to determine current fair market value if the Grantee reimburses the Grantor for its share.

(b) A physical inventory of equipment shall be taken and the results reconciled with the equipment records at least once every two years to verify the existence, current utilization, and continued need for the equipment.

- (c) A control system shall be in effect to insure adequate safeguards to prevent loss, damage, or theft of the equipment. Any loss, damage, or theft of equipment shall be investigated and fully documented.
- (d) Adequate maintenance procedures shall be implemented to keep the equipment in good condition.
- (e) Proper sales procedures shall be established for unneeded equipment which would provide for competition to the extent practicable and result in the highest possible return.

This Grant Agreement covers the following described equipment (use continuation sheets as necessary).

M. Provide Financial Management Systems which will include:

1. Accurate, current, and complete disclosure of the financial results of each grant. Financial reporting will be on an accrual basis.
2. Records which identify adequately the source and application of funds for grant-supported activities. Those records shall contain information pertaining to grant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays, and income.
3. Effective control over and accountability for all funds, property and other assets. Grantees shall adequately safeguard all such assets and shall assure that they are used solely for authorized purposes.
4. Accounting records supported by source documentation.

N. Retain financial records, supporting documents, statistical records, and all other records pertinent to the grant for a period of at least three years after grant closing except that the records shall be retained beyond the three-year period if audit findings have not been resolved. Microfilm or photo copies or similar methods may be substituted in lieu of original records. The Grantor and the Comptroller General of the United States, or any of their duly authorized representatives, shall have access to any books, documents, papers, and records of the Grantee's government which are pertinent to the specific grant program for the purpose of making audits, examinations, excerpts and transcripts.

O. Provide information as requested by the Grantor to determine the need for and complete any necessary Environmental Impact Statements.

P. Provide an audit report prepared in accordance with Grantor regulations to allow the Grantor to determine that funds have been used in compliance with the proposal, any applicable laws and regulations and this Agreement.

Q. Agree to account for and to return to Grantor interest earned on grant funds pending their disbursement for program purposes when the Grantee is a unit of local government. States and agencies or instrumentality's of states shall not be held accountable for interest earned on grant funds pending their disbursement.

R. Not encumber, transfer or dispose of the property or any part thereof, furnished by the Grantor or acquired wholly or in part with Grantor funds without the written consent of the Grantor except as provided in item K above.

S. To include in all contracts for construction or repair a provision for compliance with the Copeland "Anti-Kick Back" Act (18 U.S.C. 874) as supplemented in Department of Labor regulations (29 CFR, Part 3). The Grantee shall report all suspected or reported violations to the Grantor.

T. To include in all contracts in excess of \$100,000 a provision that the contractor agrees to comply with all the requirements of the Clean Air Act (42 U.S.C. §7414) and Section 308 of the Water Pollution Control Act (33 U.S.C. §1318) relating to inspection, monitoring, entry, reports, and information, as well as all other requirements specified in Section 114 of the Clean Air Act and Section 308 of the Water Pollution Control Act and all regulations and guidelines issued thereunder after the award of the contract. In so doing the Contractor further agrees:

[Revision 1, 11/20/1997]

1. As a condition for the award of contract, to notify the Owner of the receipt of any communication from the Environmental Protection Agency (EPA) indicating that a facility to be utilized in the performance of the contract is under consideration to be listed on the EPA list of Violating Facilities. Prompt notification is required prior to contract award.

2. To certify that any facility to be utilized in the performance of any nonexempt contractor subcontract is not listed on the EPA list of Violating Facilities pursuant to 40 CFR Part 32 as of the date of contract award.

[Revision 1, 11/20/97]

3. To include or cause to be included the above criteria and the requirements in every nonexempt subcontract and that the Contractor will take such action as the Government may direct as a means of enforcing such provisions.

As used in these paragraphs the term "facility" means any building, plan, installation, structure, mine, vessel or other floating craft, location, or site of operations, owned, leased, or supervised by a Grantee, cooperator, contractor, or subcontractor, to be utilized in the performance of a grant, agreement, contract, subgrant, or subcontract. Where a location or site of operation contains or includes more than one building, plant, installation, or structure, the entire location shall be deemed to be a facility except where the Director, Office of Federal Activities, Environmental Protection Agency, determines that independent facilities are co-located in one geographical area.

Grantor Agrees That It:

A. Will make available to Grantee for the purpose of this Agreement not to exceed \$690,000.00, which it will advance to Grantee to meet not to exceed 74.59% percent of the project development costs of the project in accordance with the actual needs of Grantee as determined by Grantor.

B. Will assist Grantee, within available appropriations, with such technical assistance as Grantor deems appropriate in planning the project and coordinating the plan with local official comprehensive plans for sewer and water and with any State or area plans for the area in which the project is located.

C. At its sole discretion and at any time may give any consent, deferment, subordination, release, satisfaction, or termination of any or all of Grantee's grant obligations, with or without valuable consideration, upon such terms and conditions as Grantor may determine to be (1) advisable to further the purpose of the grant or to protect Grantor's financial interest therein and (2) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it is made.

Termination of This Agreement

This Agreement may be terminated for cause in the event of default on the part of the Grantee as provided in paragraph I above or for convenience of the Grantor and Grantee prior to the date of completion of the grant purpose. Termination for convenience will occur when both the Grantee and Grantor agree that the continuation of the project will not produce beneficial results commensurate with the further expenditure of funds.

In witness whereof Grantee on the date first above written has caused these presence to be executed by its duly authorized

_____ and attested and its corporate seal affixed by its duly authorized

Attest:

By: Caesar Bangs

(Title) Board member

By: L. O. Mendenhall

(Title) Chairman Regional Enlarged PSD

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: John D. Coy Rural Development Specialist
(Title)



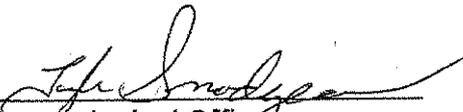
The Enlarged Hepzibah Public Service Water District
Sewer Revenue Bonds, Series 2005 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, the undersigned duly authorized representative of JP Morgan Chase Bank, National Association, Clarksburg, West Virginia (the "Bank"), hereby certify that on July 25, 2005, the Bank received an automated transfer in the amount of \$53,500 to the credit of the Project Construction Account, Account Number 685368607 for the Series 2005 Bonds.

WITNESS my signature on this 25th day of July, 2005.

JP MORGAN CHASE BANK, NATIONAL ASSOCIATION

By: 
Its: Authorized Officer