ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture)
and Series 2004 B (West Virginia Infrastructure Fund)

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ELKINS ROAD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE), AND SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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ELKINS ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF ELKINS ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $1,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF ELKINS ROAD PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health, safety, advantage, convenience, and welfare of the inhabitants of the Issuer that there be acquired and constructed certain improvements and extensions to the existing public waterworks system of the Issuer, consisting of the construction, operation, and maintenance of a water distribution system extension project in order to provide water service to approximately 263 customers in the Vegan, Gormley, Nebo, Swamp Run, Sand Fork and Five Forks areas of Upshur County, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (the existing public waterworks facilities of the Issuer, the Project and any further extensions or improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance 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") and the United States Department of Agriculture (the "Purchaser") pursuant to the Act.

D. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all Operating Expenses of the System, the principal of and interest on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein.

E. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $2,400,000 in two series, being the Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), in the aggregate principal amount of not more than $700,000 (the "Series 2004 A Bonds"), and the Water` Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $1,700,000 (the "Series 2004 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project (collectively, the "Series 2004 Bonds"). The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Such costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2004 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of

the Project; amounts which may be deposited in any 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 (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 2004 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2004 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 2004 A Bonds be sold to the Purchaser (as hereinafter defined) pursuant to the terms and provisions of the Letter of Conditions (as hereinafter defined) and its Series 2004 B Bonds be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement (the "Loan Agreement") by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the Issuer, the Authority and the Council, approved hereby if not previously approved by resolution of the Issuer.

H. There are outstanding obligations of the Issuer which will rank on a parity with the Series 2004 Bonds as to liens, pledge, source of and security for payment, being the Issuer's (1) Water Revenue Bonds, Series 1979, dated September 23, 1980, issued in the original aggregate principal amount of $360,000 and currently held by the Rural Utilities Service, United States Department of Agriculture (the "Series 1979 Bonds"); and (2) Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated September 10, 1998, issued in the original aggregate principal amount of $2,032,000 and currently held by the West Virginia Water Development Authority (the "Series 1998 A Bonds"). The Series 1979 Bonds and the Series 1998 A Bonds are hereinafter collectively called the "Prior Bonds".

The Series 2004 Bonds shall be issued on a parity with each other and 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 2004 Bonds, the Issuer will obtain a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds is met and the written consent of the Holders of the Prior Bonds to the issuance of the Series 2004 Bonds on a parity with the Prior Bonds. Other than the Prior

Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

I. The Issuer has complied with all requirements of West Virginia law, the Letter of Conditions and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, including, without limitation, the imposition of rates and charges and the issuance of the Series 2004 Bonds, or will have so complied prior to issuance of any thereof, including, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of 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 2004 Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been approved by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2004 Bonds by the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Bondholders of any and all of such Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bonds and by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2004 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 2004 A Bonds, the Series 2004 B Bonds, and, where appropriate, any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2004 A Bonds for all or a portion of the proceeds of the Series 2004 A Bonds from the Purchaser and the Series 2004 B Bonds for all or a portion of the proceeds of the Series 2004 B Bonds from the Authority and the Council.

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

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

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

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

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

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

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefore, hereafter at any time constructed or acquired.

"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" means the Public Service Board of the Issuer, as it may now or hereafter be constituted.

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

"Grant" means, collectively, all grant monies received by the Issuer for the Project.

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

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

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

"Investment Property" means

(A) any security (within the meaning of Section 165(g)(2)(A) or (B) of the Code),

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

Except as provided in the following sentence, the term "Investment Property" does not include any tax-exempt bond. With respect to an issue other than an issue a part of which is a specified private activity bond (as defined in section 57(a)(5)(C) of the Code), the term "Investment Property" includes a specified private activity bond (as so defined).

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

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated July 23, 2002, and all amendments thereto, providing for the purchase of the Series 2004 A Bonds from the Issuer by the Purchaser.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2004 B Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2004 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in any 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 2004 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, 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 Expresses" 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 or Prior 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 canceled 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 or Prior Bonds deemed to have been paid as provided in Article X hereof; and (iv) for purposes of consents or other action by a specified percentage of Bondholders or holders of the 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 such other entity or authority as may be designated as a Paying Agent for the Series 2004 B Bonds by the Issuer in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Series 1979 Bonds and Series 1998 A Bonds, as more particularly described in Section 1.02(H) hereof.

"Prior Resolutions" means, collectively, the resolutions of the Issuer, as supplemented, authorizing the Series 1979 Bonds and the Series 1998 A Bonds, respectively.

"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.

"Purchaser" or "Government" means the United States Department of Agriculture and any successor thereof acting for and on behalf of the United States of America, which is expected to be the original purchaser and Registered Owner of the Series 2004 A Bonds.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC, 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 exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by the Prior Resolutions as the Depreciation Reserve and renamed and continued hereby.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2004 Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts.

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

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

"Series 2004 Bonds" means, collectively, the Series 2004 A Bonds and the Series 2004 B Bonds.

"Series 2004 Bonds Construction Trust Fund" means the Series 2004 Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2004 A Bonds" means the Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), of the Issuer, authorized by this Resolution.

"Series 2004 A Bonds Reserve Account" means the Series 2004 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 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 2004 A Bonds in the then current or any succeeding year.

"Series 2004 B Bonds" means the Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), of the Issuer authorized by this Resolution.

"Series 2004 B Bonds Reserve Account" means the Series 2004 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2004 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2004 B Bonds in the then current or any succeeding year.

"Series 2004 B Bonds Sinking Fund" means the Series 2004 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 2004 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2004 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, including, without limitation, the Sinking Funds, the Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete existing waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall include the Project and any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks system from any sources whatsoever, both within and without the Issuer.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of not to exceed $6,678,000, 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 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 Purchaser, the Authority and the Council.

The cost of the Project is estimated not to exceed $6,678,000, of which not more than $700,000 will be obtained from proceeds of the Series 2004 A Bonds, not more than $1,700,000 will be obtained from proceeds of the Series 2004 B Bonds, approximately $1,728,000 will be obtained from proceeds of a grant from the Purchaser, approximately $1,050,000 will be obtained from proceeds of a grant from the Council, and approximately $1,500,000 will be obtained from proceeds of a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2004 Bonds, if any, funding reserve accounts for the Series 2004 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance 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 the negotiable Series 2004 A Bonds and the Series 2004 B Bonds of the Issuer. The Series 2004 A Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 2004 A (United States Department of Agriculture)", in the principal amount of not more than $700,000; and the Series 2004 B Bonds shall be issued as a single bond, designated "Water Revenue Bond, Series 2004 B (West Virginia Infrastructure Fund)", in the principal amount of not more than $1,700,000, and each shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2004 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2004 Bonds, if any, shall be deposited in or credited to the Series 2004 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. A. The Series 2004 A Bonds shall be issued in such principal amounts; shall bear interest at such rate or rates, not exceeding the then legal maximum rate, payable monthly 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 the Supplemental Resolution or as specifically provided in the Series 2004 A Bond.

B. The Series 2004 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in the Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2004 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2004 B Bonds shall be paid by check or draft of the Paying Agent or its 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 2004 A Bonds shall initially be issued in the form of a single bond, fully registered to the Purchaser,

with a record of advances attached, representing the aggregate principal amount of the Series 2004 A Bonds. The Series 2004 B Bonds shall initially 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 2004 B Bonds, all as provided in the Supplemental Resolution. The Series 2004 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 neither the Purchaser nor the Authority shall be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2004 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 2004 Bonds shall cease to be such officer of the Issuer before the Series 2004 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 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. Bond Registrar; Authentication and Registration. A. The Issuer shall be the Bond Registrar with respect to the Series 2004 A Bonds and will keep or cause to be kept at its office by its agent, sufficient books for the registration and transfer of the Series 2004 A Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2004 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 2004 A Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2004 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 2004 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 2004 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.

B. The Bond Registrar with respect to the Series 2004 B Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2004 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Series 2004 B Bonds shall be conclusive evidence that such Series 2004 B Bonds has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2004 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2004 B Bonds issued hereunder. The provisions of this Section 3.04 relating to authentication shall not apply to the Series 2004 A Bonds, notwithstanding anything herein to the contrary.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2004 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 2004 Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2004 Bonds remain outstanding, the Bond Registrar for the Series 2004 Bonds shall keep and maintain books for the registration and transfer of such Bonds.

The registered Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Bonds or transferring the registered Bonds are exercised, all 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 Series 2004 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 2004 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 2004 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 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 all Series 2004 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on 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 2004 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. A. With respect to the Series 2004 A Bonds, the Chairman is hereby authorized and directed to cause such Bonds, hereby awarded to the Purchaser pursuant to the Letter of Conditions, to be delivered to the Purchaser on the date of delivery of the Series 2004 B Bonds.

B. The Issuer shall execute and deliver the Series 2004 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2004 B Bonds to the original purchasers upon receipt of the documents set forth below:

(1) If other than the Authority, a list of the names in which the Series 2004 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(2) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2004 B Bonds to the original purchasers;

(3) An executed and certified copy of the Bond Legislation;

(4) An executed copy of the Loan Agreement; and

(5) The unqualified approving opinion of bond counsel on the Series 2004 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2004 A Bonds and the Series 2004 B Bonds shall be in substantially the following respective forms, 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 2004 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
ELKINS ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2004 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 Date: _____

FOR VALUE RECEIVED, ELKINS ROAD PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of _____ _____ DOLLARS ($_____), plus interest on the unpaid principal balance at the rate of ____% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $_____, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

This Bond, together with any additional bonds ranking on a parity herewith which may be issued and outstanding for the purpose of providing funds for financing costs of acquisition and construction of improvements and extensions to the existing public waterworks system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute an indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the 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 on _____, 20___, and a Supplemental Resolution of the Borrower duly adopted on _____, 20___, authorizing issuance of this Bond (collectively, 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 Farmer and Rural Development Act of 1965. 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 WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $360,000 AND CURRENTLY HELD BY THE RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (THE "SERIES 1979 BONDS"); (2) WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 10, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,032,000 AND CURRENTLY HELD BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (THE "SERIES 1998 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED _____, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ AND HELD BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

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

ELKINS ROAD PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman
(Title of Executive Official)

Route 2, Box 105
(P.O. Box No. or Street Address)

Buckhannon, West Virginia 26201
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary
(Title of Attesting Official)

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to___ _____ 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 Borrower with full power of substitution in the premises.

Dated: _____, _____.

_____

In presence of:

_____

(FORM OF SERIES 2004 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
ELKINS ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2004 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on the __ day of _____, 2004, ELKINS ROAD PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Upshur County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 20____.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of th Issuer, the Project

and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 20____, and a Supplemental Resolution duly adopted by the Issuer on _____, 20____ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $360,000 AND CURRENTLY HELD BY THE RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (THE "SERIES 1979 BONDS"); (2) WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 10, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,032,000 AND CURRENTLY HELD BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (THE "SERIES 1998 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED _____, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $_____ AND HELD BY THE RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (THE "SERIES 2004 A BONDS"). THE SERIES 1979 BONDS AND THE SERIES 1998 A BONDS ARE COLLECTIVELY CALLED 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 Series 2004 A Bonds and the Prior Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which 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 2004 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which

shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2004 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2004 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, 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.

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, ELKINS ROAD PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman, and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the date first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 20___.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. A. The Series 2004 A Bonds shall be sold to the Purchaser, pursuant to the terms and conditions of the Letter of Conditions. The Letter of Conditions, including all attachments, are hereby approved and incorporated into this Bond Legislation.

B. The Series 2004 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

(1) Revenue Fund (established by the Prior Resolutions);

(2) Reserve Fund (established by the Prior Resolutions);

(3) Renewal and Replacement Fund (established by the Prior Resolutions as the Depreciation Reserve); and

(4) Series 2004 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 2004 A Bonds Reserve Account;

(2) Series 2004 B Bonds Sinking Fund; and

(3) Series 2004 B Bonds Reserve Account.

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

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

(2) The Issuer shall next, each month, on or before the due date thereof, transfer from the Revenue Fund and remit to the National Finance Office (i) the amounts required by the Prior Resolutions to pay the interest on the Series 1979 Bonds; and (ii) the amounts required to pay interest on the Series 2004 A Bonds.

(3) The Issuer shall next, each month, transfer from the Revenue Fund and (i) on or before the due date thereof, remit to the National Finance Office the amounts required by the Prior Resolutions to pay the principal of the Series 1979 Bonds; (ii) on the first day of each month, remit to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, the amounts required by the Prior Resolutions to pay the principal of the Series 1998 A Bonds; (iii) on or before the due date thereof, remit to the National Finance Office, commencing 24 months following the date of delivery of the Series 2004 A Bonds, the amount required to amortize the principal of the Series 2004 A Bonds over the life of the bond issue; and (iv) on the first day of each month, remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2004 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2004 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payment shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Depository Bank, the amounts required by the Prior Resolutions to be deposited in the Reserve Fund for the Series 1979 Bonds; (ii) remit to the Commission, the amounts required by the Prior Resolutions to be deposited in the Reserve Account for the Series 1998 A Bonds; (iii) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2004 A Bonds, for deposit in the Series 2004 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2004 A Bonds Reserve Requirement, until the amount in the Series 2004 A Bonds Reserve Account equals the Series 2004 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 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 2004 A Bonds Reserve Requirement; and (iv) remit to the Commission, commencing 3 months after the completion of construction of the Project, as certified by the Consulting Engineers, if not fully funded upon issuance of the Series 2004 B Bonds, for deposit in the Series 2004 B Bonds

Reserve Account, an amount equal to 1/120th of the Series 2004 B Bonds Reserve Requirement, until the amount in the Series 2004 B Bonds Reserve Account equals the Series 2004 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2004 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2004 B 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; provided, that, as long as the Issuer's Series 1979 Bonds remain outstanding, the Issuer must accumulate in the Renewal and Replacement Fund the aggregate sum of $50,000 and maintain such sum therein and shall use the monies therein as provided by the Prior Resolutions, except that any deficiencies in the debt service payments on the Series 2004 A Bonds and Series 2004 B Bonds shall be payable from the Renewal and Replacement Fund on a parity with the Prior Bonds. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided that, any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) After 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 of the System.

Monies in the Series 2004 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 2004 A Bonds as the same shall come due, when other monies are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2004 A Bonds Reserve Account shall be sufficient to prepay the Series 2004 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2004 A Bonds, together with accrued interest thereon to such prepayment date.

Monies in the Series 2004 B Bonds Sinking Fund shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 B Bonds as the same shall become due. Monies in the Series 2004 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2004 B Bonds as the same shall come due, when other monies in the Series 2004 B Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2004 B Bonds Reserve Account shall be sufficient to prepay the Series 2004 B Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2004 B Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on monies in the Series 2004 A Bonds Reserve Account (if fully funded), the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account (if fully funded) 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 2004 Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2004 A Bonds and the Series 2004 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2004 A Bonds Reserve Account or the Series 2004 B Bonds Reserve Account which result in a reduction in the balance of such accounts to below the Series 2004 A Bonds Reserve Requirement or the Series 2004 B Bonds Reserve Requirement, respectively, 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 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement therefor.

The Issuer shall not be required to make any further payments into the Series 2004 A Bonds Reserve Account or the Series 2004 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the respective 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 for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2004 A Bonds, the Series 2004 B Bonds and the Prior Bonds in accordance with the respective principal amounts then Outstanding.

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, the Council and the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account created hereunder, and all amounts required for such funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Purchaser, the Authority or the Council at any time, the Issuer shall make the necessary arrangements whereby required payments into the said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2004 A Bonds and the Series 2004 B Bonds, respectively, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) remit to the Commission the required principal, interest and reserve account payments and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such

additional sums as shall be necessary to pay their respective charges, fees and expenses then due. In the case of payments to the Commission under this paragraph, the Issuer shall, if required by either the Authority or the Council at any time, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

F. The monies in excess of the maximum amounts insured by FDIC in any fund or account 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 or 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 2004 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 2004 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2004 A Bonds, there shall be deposited with the Commission in the Series 2004 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2004 A Bonds Reserve Account.

B. From the proceeds of the Series 2004 B Bonds, there shall be deposited with the Commission in the Series 2004 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding of the Series 2004 B Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2004 A Bonds.

D. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2004 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2004 Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 hereof and until so expended, are hereby pledged as additional security for the Series 2004 B Bonds.

E. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2004 A Bonds shall be expended as directed by the Purchaser and any remaining proceeds of the Series 2004 B Bonds shall be expended as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund.

A. The proceeds of the Series 2004 A Bonds, in the Series 2004 Bonds Construction Trust Fund shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

B. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project from the Series 2004 B Bonds shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements of proceeds of the Series 2004 B Bonds from the Series 2004 Bonds Construction Trust Fund shall be made only after submission to the Council of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(ii) 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;

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

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

The Issuer shall expend all proceeds of the Series 2004 B Bonds within 3 years of the date of the issuance of the Council's Bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the Series 2004 Bonds 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 2004 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 2004 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 2004 Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2004 Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2004 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 all the Series 2004 Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System, on a parity with the lien on the 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 2004 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. Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan 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 December __, 2004, in Case No. 04-0296-PWD-CN, and such rates are hereby adopted, which rates are incorporated herein by reference as a part hereof.

So long as the Prior Bonds and the Series 2004 Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums

set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates and charges initially established for the System in connection with the Series 2004 Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the provisions governing the sale of the System, or any part thereof, shall be as set forth and described in the Prior Resolutions. Further, so long as the Series 2004 Bonds are outstanding and except as otherwise required by law or with the written consent of the Purchaser, the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2004 A Bonds, immediately be remitted to the National Finance Office, and with respect to the Series 2004 B Bonds, immediately be remitted to the Commission for deposit in the Series 2004 B Bonds Sinking Fund, and, with the written consent of the Purchaser, the Authority and the Council, the Issuer shall direct the National Finance Office and the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2004 Bonds. Any balance remaining after the payment of all the Series 2004 Bonds and interest, if any, thereon shall be remitted to the Issuer 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, in writing, determine upon consultation with a professional engineer 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 in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and

Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such 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 for in Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other 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 Bonds. All obligations issued by the Issuer after the issuance of the 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 and source of and security for payment from such revenues and in all other respects, to the 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 Bonds, and the interest thereon, if any, upon any of the income and revenues of the System pledged for payment of the Bonds and the interest, if any, thereon in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Purchaser, the Authority and the Council prior written notice of its issuance of any other obligations to be used for the System, payable from the revenues of the System or from any grants for the System, 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 2004 Bonds pursuant to this Bond Legislation, except 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 2004 Bonds, and must have the prior written consent of the Purchaser, the Authority and the Council.

No such Parity Bonds shall be issued except for the purpose of financing the costs of the design, acquisition or construction of additions, betterments or 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, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding;

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

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

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from any improvements to be financed by such additional Parity Bonds and any increase in rates adopted by the Issuer, the time for appeal of which shall have expired (without successful appeal) 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 time for appeal of which has expired (without successful appeal) 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 theretofore or

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 the revenues of the System is subject to the prior and superior liens of the Series 2004 Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2004 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 Purchaser, the Authority and the Council or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Purchaser, the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

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

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable

times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

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

The Issuer shall file with the Purchaser, the Council and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of the 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 payable from the revenues of the System 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2004 Bonds and shall submit said report to the Purchaser, the Authority and the Council, or any other original purchaser of the Series 2004 Bonds. Such audit report submitted to the Purchaser, the Authority and the Council shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Purchaser, the Authority and the Council, 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 Purchaser, the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority, the Council and the Purchaser with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2004 Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including the Prior Bonds; provided that, in the event that an amount equal to or in excess of the reserve requirement is on deposit respectively in the Reserve Accounts and any reserve accounts for obligations on a parity with the Series 2004 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 2004 Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04 hereof.

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 Purchaser, the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a registered professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance within 30 days of adoption to the Purchaser, the Authority and the Council, or to any Holder of the Bonds, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Purchaser, the Council, the Authority and any Holder of any Bonds or anyone acting for and on behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for 2 years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

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

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Purchaser, the Authority and the Council 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 Purchaser, the Authority, the Council and the Issuer at the completion of construction that construction of the Project is in

accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System, and any services and facilities of the sewerage 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 sewerage facilities are not owned by the Issuer, the Issuer will, to the extent allowed by law, use diligent efforts to enter into a similar termination agreement with the provider of such sewerage service, 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 shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges

applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling, or building intended to be served by the System to connect thereto.

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

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

Section 7.18. Compliance with Letter of Conditions, Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Letter of Conditions, the Loan Agreement, the Act and this Bond Legislation. The Issuer shall also comply with all applicable laws, rules and regulations issued by the Purchaser, the Authority and the Council, or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System. The Issuer shall provide the Council with copies of all documents submitted to the Purchaser and the Authority.

Section 7.19. 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 2004 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 2004 Bonds during the term thereof is, under the terms of the Series 2004 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 2004 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 2004 Bonds during the term thereof is, under the terms of the Series 2004 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 2004 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 2004 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% of the Net Proceeds of the Series 2004 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2004 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. To the extent legally required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2004 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 2004 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 7.20. 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 7.21. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2004 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 2004 Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior Bonds.

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2004 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 Purchaser and the Council for written approval. The Issuer shall obtain the written approval of the Purchaser and the Council before expending any proceeds of the Series 2004 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 Purchaser and the Council before expending any proceeds of the Series 2004 Bonds made available due to bid or construction or project underruns.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank may make any and all investments permitted by this section through its own investment or trust 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 if 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 on the 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 2004 Bonds as a condition to issuance of the Series 2004 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 2004 Bonds as may be necessary in order to maintain the status of the Series 2004 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 2004 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2004 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2004 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 2004 Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2004 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 2004 Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2004 Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, the Paying Agent or 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.

Notwithstanding anything herein to the contrary, if default occurs in the due and punctual payment of the principal of or interest on any series of the Series 2004 Bonds or the Prior Bonds, it shall constitute an "Event of Default" with respect to the other series of the Series 2004 Bonds.

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

violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2004 A Bonds and the Series 2004 B Bonds shall be on a parity with each other and 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 do.

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2004 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 Owner of the Series 2004 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 2004 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 2004 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2004 Bonds, no material modification or amendment of this Resolution, or of any resolution or order amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2004 Bonds, shall be made without the consent in writing of the Registered Owners of the Series 2004 Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of the 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 pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the 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 excludability of interest, if any, on the Series 2004 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 2004 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 2004 Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolutions. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Loan Agreement or the Loan Resolution (Form FmHA 442-47); and 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 or any portion thereof are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, the Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

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 Elkins Road Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 2004 Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2004 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.

Adopted this 16th day of December, 2004.

ELKINS ROAD PUBLIC SERVICE DISTRICT

By: _____

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of ELKINS ROAD PUBLIC SERVICE DISTRICT on the 16th day of December, 2004.

Dated: December 20, 2004.

[SEAL]

Carey A. Wagner
Secretary

12/09/04
255510.00001

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture) and
Series 2004 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF ELKINS ROAD PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE SERIES 2004 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2004 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2004 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Elkins Road Public Service District (the "Issuer") has duly and officially adopted a bond resolution on December 16, 2004 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF ELKINS ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS,

SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $1,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) and Series 2004 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2004 A Bonds" and the "Series 2004 B Bonds"), in the respective aggregate principal amounts not to exceed $700,000 and $1,700,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2004 B Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the Series 2004 A Bonds are proposed to be purchased by the United States Department of Agriculture, acting for and on behalf of the United States of America (the "Purchaser") pursuant to a Letter of Conditions, and all amendments, and the Series 2004 B Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF ELKINS ROAD PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer:

A. Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), of the Issuer, originally represented by a single Bond, numbered AR-1 in the principal amount of $500,000. The Series 2004 A Bonds shall be dated the date of delivery thereof, shall bear interest at the rate of 4.50% per annum, interest only payable in monthly installments for the first 24 months commencing 30 days following delivery of the Series 2004 A Bonds and continuing on the corresponding day of each month and, thereafter, principal and interest are payable in monthly installments of $2,295 on the corresponding day of each month, except that the final installment shall be paid at the end of forty years from the date of the Series 2004 A Bonds, in the sum of the unpaid principal and interest due on the date thereof, except that prepayments may be made as hereinafter provided and as provided in the Series 2004 A Bonds, all such payments to be made at the National Finance Office, St. Louis, Missouri 63103, or at such other place as the Purchaser may designate after issuance of the Series 2004 A Bonds. Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of the Issuer.

B. Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,509,788. The Series 2004 B Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2044, and shall bear no interest. The principal of the Series 2004 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, and maturing December 1, 2044, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and

incorporated in and made a part of the Series 2004 B Bonds. The Series 2004 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2004 B Bonds.

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

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, a copy of which is incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The Issuer does hereby authorize, approve and accept the Letter of Conditions, and all amendments thereto, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2004 A Bonds and the Series 2004 B Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2004 B Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2004 B Bonds under the Bond Resolution.

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

Section 7. All proceeds of the Series 2004 A Bonds shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund as received from the Purchaser from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2004 A Bonds.

Section 8. Series 2004 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2004 B Bonds Sinking Fund, as capitalized interest.

Section 9. Series 2004 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2004 B Bonds Reserve Account.

Section 10. The balance of the proceeds of the Series 2004 B Bonds shall be deposited in or credited to the Series 2004 Bonds Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 11. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2004 A Bonds may be delivered on or about December 20, 2004, to the Purchaser pursuant to the Letter of Conditions, and the Series 2004 B Bonds may be delivered on or about December 20, 2004, to the Authority pursuant to the Loan Agreement.

Section 12. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 13. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, subject to any limitation of the Purchaser with respect of the proceeds of the Bonds, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Series 2004 A Bonds Reserve Account, the Series 2004 B Bonds Sinking Fund and the Series 2004 B Bonds Reserve Account shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

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

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

Adopted this 16th day of December, 2004.

ELKINS ROAD PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by ELKINS ROAD PUBLIC SERVICE DISTRICT on this 16th day of December, 2004.

Dated: December 20, 2004.

[SEAL]

Carey A. Wagner
Secretary

12/1309/04
255510.00001

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bond, Series 1979

BOND RESOLUTION

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ELKINS ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ISSUANCE OF $360,000 WATER REVENUE BOND, SERIES 1979, OF ELKINS ROAD PUBLIC SERVICE DISTRICT TO FINANCE CONSTRUCTION OF A NEW WATERWORKS SYSTEM; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDERS OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF ELKINS ROAD PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code (the "Act") and other applicable provisions of law. Elkins Road Public Service District (the "Issuer") is a public service district created pursuant to the Act by The County Commission of Upshur County.

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

(A) The Issuer does not now have a public waterworks system.

(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 constructed a new waterworks system of the Issuer consisting of transmission and distribution lines, storage tanks and pumping equipment with all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. Water will be purchased from the City of Buckhannon pursuant to a Water Purchase Contract between the Issuer and said City. The construction and acquisition of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

(C) It is necessary for the Issuer to issue its revenue bond in the principal amount of $360,000 to finance a portion of the cost of such construction in the manner hereinafter provided.

(D) The estimated maximum cost of the construction of the Project is $1,688,000 of which $360,000 will be obtained from the proceeds of sale of the Bond herein authorized, $806,000 from a grant by the Purchaser, and $522,000 from other grants.

(E) The cost of such construction shall be deemed to include, without being limited to, the construction or acquisition of the Project, the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby.

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

(G) There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien and source of and security for payment.

(H) The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bond, or will have so complied prior to issuance of the Bond including, among other things, the consent and approval, pursuant to the Act, of the issuance of the Bond by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

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

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

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

"Bond" means the Water Revenue Bond, Series 1979, authorized hereby.

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

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Kelley, Gidley, Blair & Wolfe, Inc., Charleston, 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.

"Facilities" or "waterworks facilities" means all the tangible properties of the System and also any tangible properties which may hereafter be added to the System by additions, betterments, extensions and improvements thereto and properties, furniture, fixtures or equipment therefor, hereafter at any time constructed or acquired.

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

"Governing Body" means the Public Service Board of the Issuer.

"Herein" means in this Bond Legislation.

"Holder of the Bond" or "Bondholder" or any similar term means any person who shall be the bearer or owner of the Bond.

"Issuer" means Elkins Road Public Service District of Upshur and Randolph Counties, West Virginia, and includes the Governing Body.

"Net Revenues" means the balance of the gross revenues, as defined below, remaining after deduction only of operating expenses, as defined below.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 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.

"Project" shall have the meaning stated in Section 1.02(B) above.

"Purchaser" means United States Department of Agriculture, Farmers Home Administration and any successor thereof.

"Revenues" or "gross revenues" means all rates, rents, fees, charges or other income received by the Issuer, or accrued to the Issuer, or any department, board, agency or instrumentality thereof in control of the management and operation of the System, from the operation of the System, and all parts thereof, all as calculated in accordance with sound accounting practices.

"Secretary" means the Secretary of the Governing Body.

"System" means the Project initially, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system after completion of the Project.

Words importing singular number shall include the plural number in each case and vice versa, and words importing persons shall include firms and corporations.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION,
REGISTRATION AND ISSUE OF BOND

Section 2.01. Authorization of Bond. Subject and pursuant to the provisions of this Resolution, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1979," is hereby authorized to be issued in the aggregate principal amount of not exceeding Three Hundred Sixty Thousand Dollars ($360,000) for the purpose of financing a portion of the cost of the construction and acquisition of the Project.

Section 2.02. Description of Bond. The Bond shall be issued in single form, No. 1, and shall be dated on the date of delivery. The Bond shall bear interest from date, payable monthly at the rate of five per centum (5%) per annum, and shall be sold for the par value thereof.

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

Section 2.03. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary.

Section 2.04. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 2.05. Bond Secured by Pledge of Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the net revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The net revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due.

Section 2.06. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(Form of Bond)

WATER REVENUE BOND, SERIES 1979

ELKINS ROAD PUBLIC SERVICE DISTRICT

$360,000

No. 1 Date:_____

FOR VALUE RECEIVED, ELKINS ROAD PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America, acting through the Farmers Home Administration, United States Department of Agriculture (the "Government"), at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designated in writing, the principal sum of Three Hundred Sixty Thousand Dollars ($360,000) plus interest on the unpaid principal balance at the rate of five per cent (5%) per annum. The said principal and interest shall be paid in the following installments on the following dates: Installments of interest only on the first day of each month for the first twenty-four months after the date hereof and $1,768, covering principal and interest, thereafter on the first day of each month, except that the final installment shall be paid at the end of forty (40) years from the date of this Bond, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

If the total amount of the loan is not advanced at the time of loan closing, the loan shall be advanced to Borrower as requested by Borrower and approved by the Government and interest shall accrue on the amount of each advance from its actual date as shown on the reverse hereof.

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

Prepayments of scheduled installments, or any portion thereof, may be made at any time at the option of Borrower. Refunds and extra payments, as defined in the regulations of the Farmers Home Administration according to the source of funds involved, shall, after payment of interest, be applied to the installments last to become due under this Bond and shall not affect the obligation of Borrower to pay the remaining installments as scheduled herein.

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

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

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

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

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

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

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Article 13A of Chapter 16 of the West Virginia Code and a Resolution of the Borrower.

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its

future regulations not inconsistent with the express provisions hereof.

ELKINS ROAD PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

(Post Office Box No. or Street Address)

Buckhannon, West Virginia 26201
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(6)	$	
(2)	$		(7)	$	
(3)	$		(8)	$	
(4)	$		(9)	$	
(5)	$		(10)	$	

TOTAL $_____

ASSIGNMENT

Pay to the Order of _____

_____

UNITED STATES OF AMERICA
FARMERS HOME ADMINISTRATION

By _____

_____
(Title)

ARTICLE III

BOND PROCEEDS; REVENUES
AND APPLICATION THEREOF

Section 3.01. Bond Proceeds; Project Construction Account. The proceeds of sale of the Bond shall be deposited on receipt by the Issuer in The Central National Bank of Buckhannon, Buckhannon, West Virginia, a member of Federal Deposit Insurance Corporation (the "FDIC"), in a special account hereby created and designated as "Elkins Road Public Service District Construction Account" (herein called the "Project Construction Account"). The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by such bank by securities or in a manner Lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Until completion of construction of the Project, the Issuer will transfer from the Project Construction Account and pay to the Purchaser on or before the fifteenth day of each month, such sums as shall be from time to time required to make the monthly installments on the Bond if there are not sufficient Net Revenues to make such monthly payment.

If the Issuer shall determine at any time that all funds on deposit in the Project Construction Account exceed the estimated disbursements on account of the Project for the ensuing 90 days, the Issuer may invest such excess funds in direct obligations of, or obligations the principal of and interest on which are guaranteed by, the United States of America, which shall mature not later than eighteen months after the date of such investment. All such investments and the income therefrom shall be carried to the credit of the Project Construction Account.

When 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 3.02. Covenants of the Issuer as to Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund hereinafter established, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

(A) Revenue Fund. The entire gross revenues derived from the operation of the System, and all parts thereof shall be deposited as collected by the Issuer in a special fund in a bank or trust company in the State of West Virginia which is a member of FDIC, which Fund, known as the "Revenue Fund" is hereby established initially with the Bank named in Section 3.01. The Revenue Fund shall constitute a trust fund for the purposes provided herein and

shall be kept separate and distinct from all other funds of the Issuer and used only for the purposes and in the manner provided herein.

(B) Disposition of Revenues. All revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and pay to the National Finance Office designated in the Bond the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit with the said Bank in the Reserve Fund hereby initially established with said Bank, 1/12th of 1/10th of the amount of principal and interest becoming due on the Bond in any year until the amount in the Reserve Fund equals the sum of $20,000, such sum being herein called the "Minimum Reserve." After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the moneys remaining in the Revenue Fund, after such provision for payment of monthly installments on the Bond and for payment of operating expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose.

(4) The Issuer shall next, by the fifteenth day of each month, transfer from the Revenue Fund and deposit in the Depreciation Reserve, hereby initially established with said Bank, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $50,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

(5) After all the foregoing provisions for use of moneys in the Revenue Fund have been fully complied with, any moneys remaining therein and not permitted to be retained therein may be used to prepay installments of the Bond or for any lawful purpose.

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding,

to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The aforesaid Bank (and any successor appointed by the Issuer) is hereby designated as the Fiscal Agent for the administration of the Reserve Fund and the Depreciation Reserve as herein provided, and all amounts required therefor will be deposited therein by the Issuer upon transfers of funds from the Revenue Fund at the times provided herein, together with written advice stating the amount remitted for deposit into each such Fund.

All the funds provided for in this Section shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the aforesaid Bank shall not be a trustee as to such funds. The moneys in excess of the sum insured by FDIC in any of such funds shall at all times be secured, to the full extent thereof in excess of such insured sum, in a manner lawful for securing deposits of State and municipal funds under the laws of the State of West Virginia.

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.

The Fiscal Agent shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent practicable in direct obligations of, or obligations the payment of the principal of and interest on which are guaranteed by, the United States of America and having maturities not exceeding two years. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Fiscal Agent.

(C) Change of Fiscal Agent. The Issuer may designate another bank insured by FDIC as Fiscal Agent if the aforesaid Bank should cease for any reason to serve or if the Governing Body determines by resolution that said Bank or its successor should no longer serve as Fiscal Agent. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

(D) User Contracts. The Issuer shall, prior to delivery of the Bond, obtain signed user agreements from at least 340 bona fide full time users initially upon the System, and shall collect from such users, and deposit in the Project Construction Account not less than $17,000, based on a tap fee of $50. In addition, the Issuer shall obtain a "Service Declination Statement" from or for each potential water user located within the Issuer's planned service area who has not delivered a signed users agreement. The Issuer shall also provide evidence that it does not have any signed user agreements from individuals located outside the planned service area. The Issuer shall also, prior to delivery of the Bond, enter into an agreement with the City of Buckhannon for supply of water pursuant to a Letter of Conditions from the Purchaser to the Issuer.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Purchaser.

Section 4.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide revenues in each fiscal year sufficient to produce net revenues equal to not less than 110% of the annual debt service on the Bond and to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such fiscal year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate revenues for such purposes.

Section 4.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 4.04. Issuance of Additional Parity Bonds. No additional parity bonds payable out of the revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 4.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

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

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or

death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

(c) Vehicular Public Liability Insurance, in the event the Issuer owns or operates any vehicle in the operation of the System, or in the event that any vehicle not owned by the Issuer is operated at any time or times for the benefit of the Issuer, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from such operation of vehicles, such insurance to be procured prior to acquisition or commencement of operation of any such vehicle for the Issuer.

(d) Workmen's 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 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.

(e) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $10,000 upon the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 4.06. Statutory Mortgage. For the further protection of the holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 4.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(A) Failure to make payment of any monthly amortization installment upon the Bond at the date specified for payment thereof;

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

Section 4.08. 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 4.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a fiscal year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than thirty 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 first 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 ten per centum; 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 4.10. 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 4.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer and on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 4.12. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and 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.

Section 4.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 4.14. No Competition. 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.

Section 4.15. Concerning Arbitrage. The proceeds of sale of the Bond will not be invested in such a way as to violate the regulations of the Internal Revenue Service or of the Treasury Department of the United States of America in connection with the arbitrage provisions of Section 103(c) of the Internal Revenue Code of 1954, as amended.

ARTICLE V

RATES, ETC.

Section 5.01. Initial Schedule of Rates and Charges; Rules. A. The schedule of rates and charges for the services and facilities of the System shall be as follows, subject to change consonant with the provisions hereof:

AVAILABILITY OF SERVICE

Available for general domestic, commercial, and industrial service.

RATE

First	3,000 gallons	$3.333 per 1,000 gallons
Next	4,000 gallons	$3.00 per 1,000 gallons
Next	5,000 gallons	$2.00 per 1,000 gallons
Over	12,000 gallons	$1.50 per 1,000 gallons

(Minimum Monthly Bill - $10.00)

MINIMUM CHARGE

No bill will be rendered for less than the following amounts, according to the size of the meter installed, to-wit:

5/8 inch meter	$ 10.00 per month
3/4 inch meter	14.40 per month
1- inch meter	25.60 per month
1-1/2 inch meter	57.60 per month
2- inch meter	102.40 per month
3- inch meter	230.40 per month
4- inch meter	409.60 per month
6- inch meter	921.60 per month
8- inch meter	1,638.40 per month

DELAYED PAYMENT PENALTY

The above tariff is net. Any account not paid in full within twenty (20) days of date of bill, ten per cent (10%) will be added to the amount due. This delayed payment penalty is not interest and is only to be collected once for each bill where it is appropriate.

CONNECTION CHARGE

Prior to construction adjacent to customer's property - $50. Subsequent to construction adjacent to customer's property there shall be a charge for connection to the System of One hundred fifty dollars ($150.00).

RECONNECTION CHARGE

Ten Dollars ($10.00).

RULES AND REGULATIONS

The schedule of rates and charges for the services and facilities of the System are subject to all Rules and Regulations for the Government of Water Utilities adopted by the Public Service Commission of West Virginia, and now in effect, and all amendments thereto and modifications thereof hereafter made by said Commission.

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. When such fees, rates and charges have been delinquent for thirty days, the Issuer shall have power pursuant to the Act forthwith to foreclose the lien on the premises served in the same manner provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

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

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

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

ARTICLE VI

MISCELLANEOUS

Section 6.01. Filing Under Uniform Commercial Code. Contemporaneously with the delivery of the Bond, the Issuer shall execute Financing Statements meeting the requirements of the Uniform Commercial Code of West Virginia and promptly thereafter shall file such a Financing Statement in the offices of the Secretary of State of West Virginia and of the Clerk of the County Commission of said County.

Section 6.02. Delivery of Bond No. 1. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause Bond No. 1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 6.03. 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 separable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 6.04. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 6.05. 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 6.06. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted April 28, 1980.

Chairman of Public Service Board

Member

Member

ELKINS ROAD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

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ELKINS ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF ELKINS ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,032,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF ELKINS ROAD PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public waterworks 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 waterworks facilities of the Issuer, consisting of approximately 15,000 feet of 8-inch water main, 74,000 feet of 6-inch water main, 12,000 feet of 2-inch water main and a water storage tank to serve approximately 247 new customers near Kesling Mill, Sand Run, Ellamore and Mt. Union Church, in Upshur County, together with all appurtenant facilities (collectively, the "Project") (the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The Issuer intends to permanently finance 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"), which administers the West Virginia Infrastructure Fund pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $2,032,000 (the "Series 1998 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; interest, if any, upon the Series 1998 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 1998 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1998 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 completion of the Project is not less than 40 years.

F. It is in the best interests of the Issuer that its Series 1998 A Bonds be sold to the Authority pursuant to the terms and provisions of the loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs

Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer which will rank on a parity with the Series 1998 A Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bonds, Series 1979, dated September 23, 1980, issued in the original aggregate principal amount of $360,000 (the "Prior Bonds").

The Series 1998 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 1998 A Bonds, the Issuer will obtain the written consent of the Holders of the Prior Bonds to the issuance of the Series 1998 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.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest on the Series 1998 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System and issuance of the Series 1998 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 1998 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 Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1998 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 1998 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 1998 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, collectively, the Series 1998 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 1998 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 1998 A Bonds from the Authority.

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

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

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

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

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

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

"Depreciation Reserve" means the Depreciation Reserve created by the Prior Resolution and continued hereby.

"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 moneys received by the Issuer on account of any Grant for the Project.

"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.

"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 any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract, investment-type property or any residential rental property for family units which is not located within the jurisdiction of the Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan, excluding, however, obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes other than specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 1998 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1998 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 1998 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 1998 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1998 A Bonds and is not acquired in order to carry out the governmental purpose of the Series 1998 A Bonds.

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the

generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 1998 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Water Revenue Bonds, Series 1979, described in Section 1.02G hereof.

"Prior Bonds Reserve Account" means the Reserve Fund created by the Prior Resolution and continued hereby.

"Prior Resolution" means the resolution of the Issuer duly adopted April 28, 1980, 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.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 1998 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 1998 A Bonds and the Prior Bonds.

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

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

"Series 1998 A Bonds" means the Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 1998 A Bonds Construction Trust Fund" means the Series 1998 A Bond Construction Trust Fund established by Section 5.01 hereof.

"Series 1998 A Bonds Reserve Account" means the Series 1998 A Bonds Reserve Account established in the Series 1998 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1998 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 1998 A Bonds in the then current or any succeeding year.

"Series 1998 A Bonds Sinking Fund" means the Series 1998 A Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 1998 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 1998 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 Depreciation Reserve and the respective Reserve Accounts.

"System" means the existing waterworks of the Issuer as improved, extended, enlarged and expanded by the Project, and includes the complete waterworks system of the Issuer and all waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the waterworks system; and shall also include any and all additions, extensions, improvements, properties or other facilities at any time acquired or constructed for the waterworks system of the Issuer.

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

"West Virginia Infrastructure Fund" means the West Virginia Infrastructure Fund established in accordance with Chapter 31, Article 15A, Section 9 of the West Virginia Code of 1931, as amended and in effect on the date of enactment hereof.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $3,097,500, 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 1998 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, compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $3,097,500, of which $2,032,000 will be obtained from proceeds of the Series 1998 A Bonds and $1,065,500 will be obtained from a grant from the Council.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1998 A Bonds, funding a reserve account for the Series 1998 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 1998 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 1998 A Bonds of the Issuer. The Series 1998 A Bonds shall be issued as a single bond, designated "Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $2,032,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1998 A Bonds remaining after funding of the Series 1998 A Bonds Reserve Account (if funded from Bond proceeds) and capitalizing interest on the Series 1998 A Bonds, if any, shall be deposited in or credited to the Series 1998 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 1998 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 1998 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 1998 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 1998 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 1998 A Bonds. The Series 1998 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 denominations as determined by a Supplemental Resolution. The Series 1998 A Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Series 1998 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 1998 A Bonds shall cease to be such officer of the Issuer before the Series 1998 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 1998 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 1998 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 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 1998 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 1998 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 1998 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 1998 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 1998 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 Series 1998 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 Series 1998 A 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 1998 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 1998 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 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 1998 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 Holder of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Series 1998 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 1998 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 1998 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 1998 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 1998 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 1998 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 1998 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
ELKINS ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 1998 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That ELKINS ROAD PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Upshur 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, 199___, as set forth on the "Schedule of Annual Debt Service" attached as EXHIBIT B hereto and incorporated herein by reference, with no interest.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 199___.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) to pay costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16,

Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 199___, and a Supplemental Resolution duly adopted by the Issuer on _____, 199___ (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS 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 WATER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $360,000 (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 moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 1998 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 a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1998 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 1998 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 One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, 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.

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, ELKINS ROAD PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 199__.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1998 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 199____.

ONE VALLEY BANK, NATIONAL ASSOCIATION, as Registrar

_____

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $

EXHIBIT B

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 1998 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed.

Section 3.12. "Amended Schedule" Filing. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council a schedule in substantially the form attached to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[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 Resolution) and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

(2) Reserve Fund (established by the Prior Resolution and hereinafter referred to as the "Prior Bonds Reserve Account");

(3) Depreciation Reserve (established by the Prior Resolution); and

(4) Series 1998 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 1998 A Bonds Sinking Fund; and

(2) Within the Series 1998 A Bonds Sinking Fund, the Series 1998 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the National Finance Office the amounts required by the Prior Resolution to pay the interest on and the principal of the Prior Bonds; and (ii) commencing 3 months prior to the first date of payment of principal of

the Series 1998 A Bonds, remit to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 1998 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 1998 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.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously (i) remit to the Depository Bank the amount required by the Prior Resolution to be deposited in the Prior Bonds Reserve Account; and (ii) commencing 3 months prior to the first date of payment of principal of the Series 1998 A Bonds, if not fully funded upon issuance of the Series 1998 A Bonds, remit to the Commission for deposit in the Series 1998 A Bonds Reserve Account, an amount equal to 1/120th of the Series 1998 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 1998 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 1998 A Bonds Reserve Requirement.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund until there has been accumulated therein the aggregate sum of $50,000, and thereafter such sums as shall be required to maintain such amount therein. Additionally, after the $50,000 have been accumulated therein and so long as the Series 1998 A Bonds are outstanding, the Issuer shall transfer from the Revenue Fund to the Depreciation Reserve a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Account. All funds in the Depreciation Reserve shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Depreciation Reserve 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 moneys from the Depreciation Reserve.

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

Moneys in the Series 1998 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1998 A Bonds, as the same shall become due. Moneys in the Series 1998 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest on the Series 1998 A Bonds as the same shall become due, when other moneys in the Series 1998 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 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 1998 A Bonds Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment due on the Series 1998 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 1998 A Bonds Reserve Account which result in a reduction in the balance of the Series 1998 A Bonds Reserve Account to below the Series 1998 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 1998 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 appropriate reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of the Bonds of such series, including such additional parity Bonds.

The Issuer shall not be required to make any further payments into the Series 1998 A Bonds Sinking Fund or the Series 1998 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 1998 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Prior Bonds and the Series 1998 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Moneys in the Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 1998 A Bonds Sinking Fund and the Series 1998 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 1998 A Bonds and any additional Bonds ranking on a parity therewith that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. The Issuer shall on the first day of each month (if such day is not a business day, then the next succeeding business day) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 1998 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.

C. The Issuer shall complete the "Monthly Payment Form," a form of which is attached to the Loan Agreement for the Series 1998 A Bonds, and submit a copy of said form along with a copy of its payment check to the Authority by the 5th day of such calendar month.

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

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

the Authority at anytime, make the necessary arrangements whereby such required payments shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required.

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 1998 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 moneys received from the sale of the Series 1998 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1998 A Bonds, there shall first be deposited with the Commission in the Series 1998 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1998 A Bonds for the period commencing on the date of issuance of the Series 1998 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1998 A Bonds, there shall be deposited with the Commission in the Series 1998 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 1998 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining moneys derived from the sale of the Series 1998 A Bonds, such moneys shall be deposited with the Depository Bank in the Series 1998 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 1998 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 1998 A Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. The Issuer shall each month provide the Council with a requisition for the costs incurred for the Project, together with such documentation as the Council shall require. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 1998 A Bonds Construction Trust Fund (except for the costs of issuance of the Series 1998 A Bonds which shall be made upon request of the Issuer) shall be made only after submission to, and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

(b) Each item for which the payment is proposed to be made is or was necessary in connection with the Project and constitutes a Cost of the Project;

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

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

Pending such application, moneys in the Series 1998 A Bonds 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 1998 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 1998 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 1998 A Bonds or the interest thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 1998 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 1998 A Bonds, shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 1998 A Bonds or the interest 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 1998 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 Holder of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest on the Series 1998 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 initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered July 31, 1998, in Case No. 97-1546-PWD-CN, and such rates are hereby adopted.

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 Resolution. Additionally, so long as the Series 1998 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully 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 1998 A Bonds, immediately be remitted to the Commission for deposit in the Series 1998 A Bonds Sinking Fund, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 1998 A Bonds. Any balance remaining after the payment of the Series 1998 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 Depreciation Reserve. 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 Depreciation Reserve. The payment of such proceeds into the Depreciation Reserve shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 1998 A Bonds. All obligations issued by the Issuer after the issuance of the Series 1998 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 1998 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 1998 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 1998 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. Additionally, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 1998 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided (unless less restrictive then the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1998 A Bonds.

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

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the 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 to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of 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 1998 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 1998 A Bonds.

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

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

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation 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 Council, the Authority, or any other original purchaser of the Series 1998 A Bonds, and shall mail in each year to any Holder or Holders of the Series 1998 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 said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 1998 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 1998 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all 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 1998 A Bonds and all other obligations secured by a lien on or payable from such

revenues on a parity with the Series 1998 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 1998 A Bonds Reserve Account and the reserve accounts for obligations on a parity with the Series 1998 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 1998 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 1998 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements, and forward a copy of such report to the Authority and the Council by the 15th day of each month.

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

acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

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

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

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

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

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 30 days after the same shall become due and payable, the property and the owner thereof, as well as the user of the services and facilities, shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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 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 Depreciation Reserve and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Depreciation Reserve. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

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

Section 7.16. Connections. To the extent permitted by the laws of the State and rules and regulations of the Public Service Commission of West Virginia, the Issuer shall require every owner, tenant or occupant of any house, dwelling or building intended to be served by the System to connect thereto.

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 will obtain all permits required by state and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia necessary for the acquisition and construction of the Project and the operation of the System.

Section 7.18. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1998 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 1998 A Bonds during the term thereof is, under the terms of the Series 1998 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 1998 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 1998 A Bonds during the term thereof is, under the terms of the Series 1998 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 1998 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 1998 A Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of 5% of the Net Proceeds of the Series 1998 A Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 1998 A Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. To the extent legally required, the Issuer will timely file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1998 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 1998 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 1998 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 1998 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holder of the Prior Bonds.

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

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

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

Section 7.22. Contracts. A. The Issuer shall, simultaneously with the delivery of the Series 1998 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer will submit all proposed change orders to the Council for written approval. The Issuer will obtain the written approval of the Council before expending any proceeds of the Series 1998 A Bonds held in "contingency" as set forth in the schedule attached to the Loan Agreement. The Issuer will also obtain the written approval of the Council before expending any proceeds of the Series 1998 A Bonds made available due to bid or construction or project underruns.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01. Investments. Any moneys held as a part of the funds and accounts created by this 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 moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 1998 A Bonds from gross income for federal income tax purposes.

Section 8.02. Arbitrage and Tax Exemption. The Issuer covenants that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 1998 A Bonds which would cause the Series 1998 A Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take any and all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1998 A Bonds) so that the interest, if any, on the Series 1998 A Bonds will be and remain excluded from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 8.03. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 1998 A Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1998 A Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

If the Issuer is subject to the rebate requirements of Section 148(f) of the Code, and not exempted from such requirements, the Issuer covenants to make, or cause to be made, all rebate calculations, computations and payments in the time, manner and as required in Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 A Bonds and otherwise covenants and agrees to comply with the provisions of such Section 148(f) of the Code and the Regulations from time to time in effect and applicable to the Series 1998 A Bonds. In the event of a failure to pay the correct rebate amount, the Issuer will pay, from any lawful sources available therefor, to the United States such amount, plus a penalty equal to 50% of the rebate amount not paid when required to be paid, plus interest on that amount, unless waived. In order to provide for the administration of this paragraph, the Issuer may provide for the employment of independent attorneys, accountants and consultants compensated on such reasonable basis as the Issuer may deem appropriate.

The Issuer shall furnish to the Authority, annually, and at such time as it is required to perform its rebate calculations under the Code, a certificate with respect to its rebate calculations and, at any time, any additional information relating thereto as may be requested by the Authority. In addition, the Issuer shall cooperate with the Authority in preparing any required rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation or, if the Issuer qualifies for any exception to rebate, the Issuer shall submit a certificate stating that it is exempt from the rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Series 1998 A Bonds subject to rebate. The Issuer shall also furnish the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority, including information with respect to earnings on all funds constituting "gross proceeds" of the Series 1998 A Bonds (as such term "gross proceeds" is defined in the Code).

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 1998 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 1998 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 1998 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 1998 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 Resolution.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Series 1998 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 Series 1998 A Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 1998 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 1998 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holder of the Series 1998 A Bonds shall be on a parity with the Holder of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Series 1998 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 Series 1998 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 Series 1998 A Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 1998 A Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 1998 A Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond

Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 1998 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 moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1998 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 1998 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 1998 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 1998 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 1998 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 1998 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 out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of the Series 1998 A 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 on the Series 1998 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 1998 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 1998 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. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolution, the Prior Resolution shall control, unless less restrictive, so long as the Prior Bonds are outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Public Notice of Proposed Financing. Prior to making formal application to the Public Service Commission of West Virginia for a Certificate of Public Convenience and Necessity and adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation in each municipality in Elkins Road Public Service District and within the boundaries of the District, a Class II legal advertisement stating:

(a) The maximum amount of the Series 1998 A Bonds to be issued;

(b) The maximum interest rate and terms of the Series 1998 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 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 8th day of September, 1998.

Andy Ross
Chairman

Carey Wagner
Member

Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of ELKINS ROAD PUBLIC SERVICE DISTRICT on the 8th day of September, 1998.

Dated: September 10, 1998.

[SEAL]

Carey Wagner
Secretary

09/01/98
255510/97001

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

WEST VIRGINIA
Water Development Authority

Celebrating 30 Years of Service **1974 - 2004**

December 20, 2004

Elkins Road Public Service District
Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture), and
Series 2004 B (West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of the certified public accountant of the Issuer, the undersigned duly authorized representative of the West Virginia Water Development Authority (the "Authority"), the registered owner of the Series 1998 A Bonds hereinafter defined and described, hereby consents to the issuance of the Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), in the original aggregate principal amount of $500,000, and the Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), in the original aggregate principal amount of $1,509,788 (collectively, the "Bonds"), by Elkins Road Public Service District (the "Issuer"), under the terms of the resolution authorizing the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated September 10, 1998, issued in the original aggregate principal amount of $2,032,000 (the "Series 1998 A Bonds").

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

12/09/04
255510.00001

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

USDA UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

75 High Street Federal Building, Suite 320, Morgantown, WV 26505-7500
304.284.4860 • 1.800.295.8228 • fax 304.284.4893 • TTY/TDD 304.284.4836

December 20, 2004

Elkins Road Public Service District
Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture), and
Series 2004 B (West Virginia Infrastructure Fund)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), in the original aggregate principal amount of $500,000, and the Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), in the original aggregate principal amount of $1,509,788 (collectively, the "Bonds"), by Elkins Road Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's outstanding Water Revenue Bonds, Series 1979, dated September 23, 1980, issued in the original aggregate principal amount of $360,000 (the "Prior Bonds"); and (ii) waives any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Bonds or the Resolution.

Kirkland E. Sutfield, Actg
State Director

USDA 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

July 23, 2002

Leonard DeRico, Chairman
Elkins Road Public Service District
Route 2, Box 105
Buckhannon, WV 26201

Dear Mr. DeRico:

This letter, with Attachments 1 through 14 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 $500,000, an RUS grant in the amount of $1,728,000, and other funding in the amount of $2,771,220, for a total project cost of $4,999,220. The other funding is planned in the form of a Small Cities Block Grant of $1,500,000; a West Virginia Infrastructure and Jobs Development Council loan of $521,220; and a West Virginia Infrastructure and Jobs Development Council grant of $750,000.

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 Elkins Road 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)

USDA Rural Development is an Equal Opportunity Lender, Provider and Employer. Complaints of discrimination

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 – Elkins Road PSD Water Users Agreement (Applicant and Attorney Copies)
Attachment No. 12 - Declination Statement (Applicant and Attorney Copies)
Attachment No. 13 - Sample Credit Agreement (Applicant Copy)
Attachment No. 14 - 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 $2,295. 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.

   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 PSD's existing revenue 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 955 bona fide users on the proposed system when it has been completed and is placed in operation. This evidence will consist of 210 signed user agreements and a certification from you that identifies and attests to the number of users actually connected to and using the PSD's existing water 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.

   The enclosed Water Users Agreement (RUS Bulletin 1780-9) will be used. Each user signing an agreement must make a user contribution of $100.00. Each potential user who is located along planned lines and declines the offered service will be provided an opportunity to sign a "Service Declination Statement." A guide "Service Declination Statement" is attached for your use. If a potential user refuses to sign either a user agreement or a declination statement, the individual making the contact for the PSD should complete the declination statement for that potential user and note thereon his/her visit with the potential user, the potential user's refusal to sign, and the reason therefore. The declination statement should also be dated and signed by the individual making the contact.

   Before RUS can agree to the project being advertised for construction bids, you must provide evidence that the total required number of bona fide users has been acquired and that all potential users have been offered the proposed service. Information and material evidencing compliance with this requirement must consist of (1) your certification (written) as to the number of users connected to and using the water service of the existing system (paying monthly bills), (2) signed user agreements, (3) signed service declination statements, (4) records evidencing user contributions having been paid, (5) a map locating each potential user's property in the new service area identifying it by number, (6) a list of all signed bona fide users numbered so as to be a cross-reference with the map, and (7) a list of all declination statements numbered so as to be a cross-reference with the map.

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 and 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. 13).

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. Water Purchase Contract - You propose to purchase treated water from the City of Buckhannon; therefore, you must enter into a Water Purchase Contract. Form RD 442-30 must be used unless you receive an exception from RUS.

16. Other Funds - Prior to advertisement for construction bids, you must provide evidence showing the approval of the other funds. This evidence should include a copy of the funding award. Prior to award of the contract(s) to the contractor(s), you must provide evidence that the "other" project funds are available for expenditure. This evidence should consist of at least a letter from the lender and/or grantor stating the funds are available for expenditure.

17. 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"

18. 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.

19. 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.

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,

Kenneth Hamby

for JENNY N. PHILLIPS
State Director

Enclosures

Brian

cc: Rural Development Specialist
Elkins, WV

Chapman Technical Group
43 East Main Street
Buckhannon, WV 26201

John Burdette & Associates
P.O. Box 418
Buckhannon, WV 26201

Steptoe & Johnson
P.O. Box 2190
Clarksburg, WV 26302-2190

William C. Thurman, Esquire
Route 3, Box 245CC
Buckhannon, WV 26201

Attachment No. 1 to Letter of Conditions
For: Elkins Road Public Service District
Date: July 23, 2002

Project Construction Budget

PROJECT COST	SCBG	WVIJDC GRANT	WVIJDC LOAN	RUS GRANT	RUS LOAN	TOTAL
CONSTRUCTION	$ 1,470,000	$ 543,225	$ 377,500	$ 1,251,700	$ 329,500	$ 3,971,925
CONST. CONTINGENCY		$ 52,945	$ 36,800	$ 121,900	$ 32,100	$ 243,745
LAND & RIGHTS		$ 1,090	$ 750	$ 2,500	$ 660	$ 5,000
LEGAL FEES		$ 8,800	$ 6,000	$ 20,000	$ 5,200	$ 40,000
BOND COUNSEL		$ 2,500	$ 1,700	$ 5,700	$ 1,500	$ 11,400
ACCOUNTING		$ 700	$ 400	$ 1,500	$ 400	$ 3,000
ENGINEERING FEES		$ 119,800	$ 83,000	$ 275,200	$ 72,000	$ 550,000
Basic - $330,000						
Insp. - $180,000						
Special - $40,000						
INTEREST					$ 45,000	$ 45,000
ADMINISTRATION	$ 30,000					$ 30,000
EQUIPMENT		$ 6,500	$ 4,500	$ 15,000	$ 4,000	$ 30,000
PROJECT CONTG.		$ 14,440	$ 10,570	$ 34,500	$ 9,640	$ 69,150
TOTAL	**$ 1,500,000**	**$ 750,000**	**$ 521,220**	**$ 1,728,000**	**$ 500,000**	**$ 4,999,220**

Rates

Available for general domestic, commercial, and industrial service.

First	3,000	gallons @	$ 7.16	per M gallons
Next	4,000	gallons @	$ 6.57	per M gallons
Next	5,000	gallons @	$ 4.81	per M gallons
Over	12,000	gallons @	$ 3.94	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	$ 21.47	per month
3/4"	meter	$ 32.21	per month
1"	meter	$ 53.68	per month
1 1/2"	meter	$ 107.35	per month
2"	meter	$ 171.76	per month
3"	meter	$ 322.05	per month
4"	meter	$ 536.75	per month
6"	meter	$ 1,073.50	per month
8"	meter	$ 1,717.61	per month

Minimum Monthly Bill $21.47 for 3,000 gallons

IC-1
(11/01/04)

LOAN AGREEMENT

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

ELKINS ROAD PUBLIC SERVICE DISTRICT
(Governmental Agency)

W I T N E S S E T H:

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

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

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

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

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

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

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

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and Council to make the Loan is subject to the Governmental Agency's fulfillment, to the satisfaction of the Authority and the Council, of each and all of those certain conditions precedent on or before the delivery date

for the Local Bonds, which shall be the date established pursuant to Section 3.4 hereof. Said conditions precedent are as follows:

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

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

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

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

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

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

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

may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority and the Council, to such effect;

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

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

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

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

3.4 The Local Bonds shall be delivered to the Authority, at the offices of the Authority, on a date designated by the Governmental Agency by written notice to the Authority, which written notice shall be given not less than ten (10) business days prior to the date designated; provided, however, that if the Authority is unable to accept delivery on the date designated, the Local Bonds shall be delivered to the Authority on a date as close as possible to the designated date and mutually agreeable to the Authority, the Council and the Governmental Agency. The date of delivery so designated or agreed upon is hereinafter referred to as the "Date of Loan Closing." Notwithstanding the foregoing, the Date of Loan Closing shall in no event occur more than ninety (90) days after the date of execution of this Loan Agreement by the Authority or such later date as is agreed to in writing by the Council.

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document and beginning on the date set forth in Schedule X, to provide debt service on the Local Bonds by depositing in a sinking fund one-third (1/3) of the interest payment next coming due on the Local Bonds and one-third (1/3) of the principal payment next coming due on the Local Bonds and, beginning three (3) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

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

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

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

(b) Covenants substantially as follows:

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

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

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

(iv) That, except as otherwise required by State law or with the written consent of the Council and the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Local Bonds outstanding, with further restrictions on the disposition of portions of the System as are normally contained in such covenants;

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(xxv) That, unless it qualifies for an exception, the Governmental Agency shall comply with all the requirements of Chapter 21, Article 1C of the Code of West Virginia, 1931, as amended (the "West Virginia Jobs Act") and shall require its contractors and subcontractors to comply with the West Virginia Jobs Act. The Governmental Agency shall provide the Council and the Authority with a certificate stating that (I) the Governmental Agency will comply with all the requirements of the West Virginia Jobs Act; (II) the Governmental Agency has included the provisions of the West Virginia Jobs Act in each contract and subcontract for the Project; (III) the Governmental Agency has received or will receive, prior to entering into contracts or subcontracts, from each contractor or subcontractor a certificate demonstrating compliance with Section 4 of the West Virginia

Jobs Act or waiver certificates from the West Virginia Division of Labor ("DOL"); and (IV) the Governmental Agency will file with the DOL and the Council copies of the waiver certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL. The monthly requisitions submitted to the Council shall also certify that the Governmental Agency is monitoring compliance by its contractors and subcontractors and that the required information has been submitted.

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

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

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

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

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

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

ARTICLE V

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

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

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

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

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

ARTICLE VI

Other Agreements of the Governmental Agency

6.1 The Governmental Agency hereby warrants and represents that all information provided to the Authority and the Council in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit

any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and the Council shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and the Council by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

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

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

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

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

ARTICLE VII

Miscellaneous

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

7.2 Schedules X and Y shall be attached to this Loan Agreement by the Authority as soon as practicable after the Date of Loan Closing is established and shall be

approved by an official action of the Governmental Agency supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority and the Council.

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

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

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

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

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

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

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

7.10 This Loan Agreement shall terminate upon the earlier of:

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

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

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

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

ELKINS ROAD PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairperson
Date: December 20, 2004

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Director
Date: December 20, 2004

Attest:

_____
Its: Secretary-Treasurer

000832/00466
12/09/04

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

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

set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the [DEP/BPH/PSC] and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and operation of the System; (ix) as of the effective date thereof, [2]the rates and charges for the System as adopted by the Issuer will be sufficient to comply with the provisions of the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project set forth in the Schedule B attached hereto and approved by the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Costs of Financing" for the Project.

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

[SEAL]

_____

By: _____
West Virginia License No. _____

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____, Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

Interest	$____
Principal	$____
Total:	$____
Reserve Account:	$____

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $1,509,788
Purchase Price of Local Bonds $1,509,788

The Local Bonds shall bear no interest. Commencing December 1, 2006, principal of the Local Bonds is payable quarterly. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

1. Water Revenue Bonds, Series 1979, dated September 23, 1980, issued in the original principal amount of $360,000.

2. Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated September 10, 1998, issued in the original principal amount of $2,032,000.

3. Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated December 20, 2004, issued in the original principal amount of $500,000.

$1,509,788

Elkins Road Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: December 20, 2004

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	9,867.90	-	9,867.90
03/01/2007	9,867.90	-	9,867.90
06/01/2007	9,867.90	-	9,867.90
09/01/2007	9,867.90	-	9,867.90
12/01/2007	9,867.90	-	9,867.90
03/01/2008	9,867.90	-	9,867.90
06/01/2008	9,867.90	-	9,867.90
09/01/2008	9,867.90	-	9,867.90
12/01/2008	9,867.90	-	9,867.90
03/01/2009	9,867.90	-	9,867.90
06/01/2009	9,867.90	-	9,867.90
09/01/2009	9,867.90	-	9,867.90
12/01/2009	9,867.90	-	9,867.90
03/01/2010	9,867.90	-	9,867.90
06/01/2010	9,867.90	-	9,867.90
09/01/2010	9,867.90	-	9,867.90
12/01/2010	9,867.90	-	9,867.90
03/01/2011	9,867.90	-	9,867.90
06/01/2011	9,867.90	-	9,867.90
09/01/2011	9,867.90	-	9,867.90
12/01/2011	9,867.90	-	9,867.90
03/01/2012	9,867.90	-	9,867.90
06/01/2012	9,867.90	-	9,867.90
09/01/2012	9,867.90	-	9,867.90
12/01/2012	9,867.90	-	9,867.90
03/01/2013	9,867.90	-	9,867.90
06/01/2013	9,867.90	-	9,867.90
09/01/2013	9,867.90	-	9,867.90
12/01/2013	9,867.90	-	9,867.90
03/01/2014	9,867.90	-	9,867.90
06/01/2014	9,867.90	-	9,867.90
09/01/2014	9,867.90	-	9,867.90
12/01/2014	9,867.90	-	9,867.90
03/01/2015	9,867.90	-	9,867.90
06/01/2015	9,867.90	-	9,867.90
09/01/2015	9,867.90	-	9,867.90
12/01/2015	9,867.90	-	9,867.90

$1,509,788

Elkins Road Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: December 20, 2004

Debt Service Schedule

Part 2 of 4

Date	Principal	Coupon	Total P+I
03/01/2016	9,867.90	-	9,867.90
06/01/2016	9,867.90	-	9,867.90
09/01/2016	9,867.90	-	9,867.90
12/01/2016	9,867.90	-	9,867.90
03/01/2017	9,867.90	-	9,867.90
06/01/2017	9,867.90	-	9,867.90
09/01/2017	9,867.90	-	9,867.90
12/01/2017	9,867.90	-	9,867.90
03/01/2018	9,867.90	-	9,867.90
06/01/2018	9,867.90	-	9,867.90
09/01/2018	9,867.90	-	9,867.90
12/01/2018	9,867.90	-	9,867.90
03/01/2019	9,867.90	-	9,867.90
06/01/2019	9,867.90	-	9,867.90
09/01/2019	9,867.90	-	9,867.90
12/01/2019	9,867.90	-	9,867.90
03/01/2020	9,867.90	-	9,867.90
06/01/2020	9,867.90	-	9,867.90
09/01/2020	9,867.90	-	9,867.90
12/01/2020	9,867.90	-	9,867.90
03/01/2021	9,867.90	-	9,867.90
06/01/2021	9,867.90	-	9,867.90
09/01/2021	9,867.90	-	9,867.90
12/01/2021	9,867.90	-	9,867.90
03/01/2022	9,867.90	-	9,867.90
06/01/2022	9,867.90	-	9,867.90
09/01/2022	9,867.90	-	9,867.90
12/01/2022	9,867.90	-	9,867.90
03/01/2023	9,867.90	-	9,867.90
06/01/2023	9,867.90	-	9,867.90
09/01/2023	9,867.90	-	9,867.90
12/01/2023	9,867.90	-	9,867.90
03/01/2024	9,867.90	-	9,867.90
06/01/2024	9,867.90	-	9,867.90
09/01/2024	9,867.90	-	9,867.90
12/01/2024	9,867.90	-	9,867.90
03/01/2025	9,867.90	-	9,867.90
06/01/2025	9,867.90	-	9,867.90
09/01/2025	9,867.90	-	9,867.90
12/01/2025	9,867.90	-	9,867.90
03/01/2026	9,867.90	-	9,867.90
06/01/2026	9,867.90	-	9,867.90
09/01/2026	9,867.90	-	9,867.90
12/01/2026	9,867.90	-	9,867.90

$1,509,788

Elkins Road Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: December 20, 2004

Debt Service Schedule

Part 3 of 4

Date	Principal	Coupon	Total P+I
03/01/2027	9,867.90	-	9,867.90
06/01/2027	9,867.90	-	9,867.90
09/01/2027	9,867.89	-	9,867.89
12/01/2027	9,867.89	-	9,867.89
03/01/2028	9,867.89	-	9,867.89
06/01/2028	9,867.89	-	9,867.89
09/01/2028	9,867.89	-	9,867.89
12/01/2028	9,867.89	-	9,867.89
03/01/2029	9,867.89	-	9,867.89
06/01/2029	9,867.89	-	9,867.89
09/01/2029	9,867.89	-	9,867.89
12/01/2029	9,867.89	-	9,867.89
03/01/2030	9,867.89	-	9,867.89
06/01/2030	9,867.89	-	9,867.89
09/01/2030	9,867.89	-	9,867.89
12/01/2030	9,867.89	-	9,867.89
03/01/2031	9,867.89	-	9,867.89
06/01/2031	9,867.89	-	9,867.89
09/01/2031	9,867.89	-	9,867.89
12/01/2031	9,867.89	-	9,867.89
03/01/2032	9,867.89	-	9,867.89
06/01/2032	9,867.89	-	9,867.89
09/01/2032	9,867.89	-	9,867.89
12/01/2032	9,867.89	-	9,867.89
03/01/2033	9,867.89	-	9,867.89
06/01/2033	9,867.89	-	9,867.89
09/01/2033	9,867.89	-	9,867.89
12/01/2033	9,867.89	-	9,867.89
03/01/2034	9,867.89	-	9,867.89
06/01/2034	9,867.89	-	9,867.89
09/01/2034	9,867.89	-	9,867.89
12/01/2034	9,867.89	-	9,867.89
03/01/2035	9,867.89	-	9,867.89
06/01/2035	9,867.89	-	9,867.89
09/01/2035	9,867.89	-	9,867.89
12/01/2035	9,867.89	-	9,867.89
03/01/2036	9,867.89	-	9,867.89
06/01/2036	9,867.89	-	9,867.89
09/01/2036	9,867.89	-	9,867.89
12/01/2036	9,867.89	-	9,867.89
03/01/2037	9,867.89	-	9,867.89
06/01/2037	9,867.89	-	9,867.89
09/01/2037	9,867.89	-	9,867.89
12/01/2037	9,867.89	-	9,867.89

$1,509,788

Elkins Road Public Service District
0% Interest Rate, 40 Years from Closing Date
Closing Date: December 20, 2004

Debt Service Schedule

Part 4 of 4

Date	Principal	Coupon	Total P+I
03/01/2038	9,867.89	-	9,867.89
06/01/2038	9,867.89	-	9,867.89
09/01/2038	9,867.89	-	9,867.89
12/01/2038	9,867.89	-	9,867.89
03/01/2039	9,867.89	-	9,867.89
06/01/2039	9,867.89	-	9,867.89
09/01/2039	9,867.89	-	9,867.89
12/01/2039	9,867.89	-	9,867.89
03/01/2040	9,867.89	-	9,867.89
06/01/2040	9,867.89	-	9,867.89
09/01/2040	9,867.89	-	9,867.89
12/01/2040	9,867.89	-	9,867.89
03/01/2041	9,867.89	-	9,867.89
06/01/2041	9,867.89	-	9,867.89
09/01/2041	9,867.89	-	9,867.89
12/01/2041	9,867.89	-	9,867.89
03/01/2042	9,867.89	-	9,867.89
06/01/2042	9,867.89	-	9,867.89
09/01/2042	9,867.89	-	9,867.89
12/01/2042	9,867.89	-	9,867.89
03/01/2043	9,867.89	-	9,867.89
06/01/2043	9,867.89	-	9,867.89
09/01/2043	9,867.89	-	9,867.89
12/01/2043	9,867.89	-	9,867.89
03/01/2044	9,867.89	-	9,867.89
06/01/2044	9,867.89	-	9,867.89
09/01/2044	9,867.89	-	9,867.89
12/01/2044	9,867.89	-	9,867.89
Total	**$1,509,788.00**	**-**	**$1,509,788.00**

Yield Statistics

Bond Year Dollars	$31,625.86
Average Life	20.947 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.89E-10
Bond Yield for Arbitrage Purposes	1.89E-10
All Inclusive Cost (AIC)	1.89E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.947 Years

SCHEDULE Z

None.

040296alj070604.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
7-26-04

Entered: July 6, 2004

CASE NO. 04-0296-PWD-CN

ELKINS ROAD PUBLIC SERVICE DISTRICT
Route 2, Box 105, Buckhannon WV 26201.
Application for a certificate of convenience and necessity to construct, operate and maintain a potable water distribution system extension project (Phase II) in order to provide water service to approximately 210 customers in the Vegan, Gormley, Nebo, Swamp Run, Sand Fork and Five Forks areas of Upshur County.

RECOMMENDED DECISION

On February 27, 2004, Elkins Road Public Service District (District), a public utility, filed an application, duly verified, for a certificate to construct certain additions and improvements to the potable water system in Upshur County, hereinafter described as the Phase II water system improvements project. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia. The District estimated that construction will cost approximately $4,999,220. It was proposed that the construction be financed as follows: a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $750,000; a grant from the HUD Small Cities Block Grant Program in the amount of $1,500,000; a grant from the USDA Rural Utilities Services in the amount of $1,728,000; a loan from the USDA Rural Utilities Services in the amount of $500,000; and a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $521,220. All of the necessary funding commitment letters have been filed with the Public Service Commission's Executive Secretary's Office.

By Order entered on February 27, 2004, Elkins Road Public Service District was required to provide public notice of this application by publishing a copy of the Commission's Order, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Upshur County. If no public protests were timely filed in response to the published notice, the Commission would be authorized to render a decision without a hearing, by virtue of the provisions of West Virginia Code §24-2-11. Also, in the letter from the Executive Secretary serving the Order, the District was reminded of the legal notice requirements in the Commission's Rules of Practice and Procedure, which require the District to mail a notice to all of its customers by First Class Mail informing them of the Notice of Filing and to serve the Notice upon each

of its resale customers by United States Certified Mail, return receipt requested, when a rate increase was requested in conjunction with a certificate application. The District has no resale customers.

On March 18, 2004, the District filed a copy of its separate notice to each current customer concerning the rate increase.

On March 25, 2004, the District filed an affidavit of publication verifying that publication of the Notice of Filing was made in The Record Delta, a newspaper published in Buckhannon, Upshur County, on March 8, 2004. The 30-day protest period expired on April 8, 2004, with no protests having been filed.

On April 6, 2004, Meyishi Blair, Staff Attorney, filed an Initial Joint Staff Memorandum attached to which was an Initial Internal Memorandum from Randy Lengyel, Utilities Analyst III, Water and Wastewater Division, and Ralph Clark, P.E., Engineering Division. According to Staff, the project is located in Upshur County and consists of approximately 147,150 feet of six-inch and eight-inch water line, a 250,000 gallon storage tank and several booster stations. The project will serve 263 new customers at an estimated total project cost of $4,999,220. According to Staff, the District must extend its boundaries to accommodate this project. There are no other public water supply systems operating in the project area. Staff noted that these residents have a long history of water supply problems. The residents are currently supplied from private wells. These wells have been insufficient and unsafe. News articles dating from 1982 document these health problems. The water also required extensive conditioning and softening. The conditioning costs typically run $80 per month. The City of Buckhannon's water treatment plant will supply the additional water. The plant currently has the capacity reserve to supply this project. Staff met with the District on January 22, 2004, and requested that certain information be supplied before this review can continue. Staff recommended that this proceeding be referred to the Administrative Law Judges Division.

On April 14, 2004, the Commission referred this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before September 24, 2004.

On June 14, 2004, Staff Attorney Blair filed a Final Joint Staff Memorandum, attached to which was a Final Internal Memorandum from Mr. Lengyel and Mr. Clark. According to Staff, and as evidenced by the affidavit of publication filed by the District on March 25, 2004, the District has fulfilled the publication requirements of the Commission by publishing a Form No. 14 notice about the proposed project. Staff also noted that Phase II will add approximately 11 minutes per day run time at the treatment plant. The system design is based on all customers having 250 gallons per minute flow with 20 psi minimum residual pressure and 30 psi static pressure at their meters. The City of Buckhannon will furnish Phase 2 water at the same rate.

A breakdown of the project costs are as follows: construction, $3,971,925; construction contingency, $243,745; land & rights, $5,000; legal fees, $40,000; bond counsel, $11,400; accounting, $3,000;

engineering fees, $550,000; interest, $45,000; administration, $30,000; equipment, $30,000; and project contingency, $69,150, for a total of $4,999,220. The project has not been bid. Therefore, the project costs are based on estimates. Overall, these estimated project costs for this type of project are reasonable. The District's plans and specifications have been approved by the West Virginia Department of Health and Resources. The permit number is 15,818.

According to Staff, this project will generate $28,000 in additional operating and maintenance (O&M) expenses. The expenses are due to an increase in electrical power and general supplies. The O&M increase will cost the customers approximately $2.45 per customer (based on 960 customers) per month.

The total estimated project costs are $4,999,220. The District plans to finance this project with a Small Cities Block Grant in the amount of $1,500,000; a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $750,000; a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $521,220; a Rural Utilities Service Grant in the amount of $1,728,000; and a Rural Utilities Service loan in the amount of $500,000. The Infrastructure Council loan is for a term of 40 years at 0% while the Rural Utilities Service loan is for a term of 40 years at 4.5%. These loans result in an annual increase in debt service and reserve payments of $131,739. The District has provided commitment letters for the funding from the Small Cities Block Grant fund, the Infrastructure and Jobs Development Council and the Rural Utilities Service. The Rural Utilities Service loan requires the District to fund a 10% debt service reserve account and maintain a 115% debt service coverage ratio. The District is not planning to obtain interim financing.

The District will not need a boundary adjustment due to this project. The proposed 263 new customers are within the current geographical boundaries of Elkins Road Public Service District.

The District's current tariff does not comply with the Commission's most recent Tariff Rules. The District made pro forma adjustments to cost of service based on project-related revenues and expenses. Pro forma revenue is based on the District's proposed rates and water usage from 210 new customers who have signed user agreements. These 210 new customers with signed user agreements represent 80% of the proposed 263 new customers. Pro forma expense adjustments included the additional operational costs associated with these 210 new customers. The District's proposed rates reflect a pro forma cash flow surplus of $11,352. The pro forma rates generated a debt service coverage of 126.44%, which is more than adequate for the required funding agencies. However, Staff is recommending different rates and charges. Staff increased each of the District's current rate blocks is by 7.5%. The District's proposed rate blocks were increased by different percentage amounts for each block. The District did not perform a class cost of service study to justify these different rates. The last three rate blocks in the Staff-recommended rates are higher than the last three rate blocks of the District's proposed rates. Therefore, the District may need to republish the Staff-recommended rates. Staff deferred to the Legal Division concerning this publication issue. The Staff-recommended

rates reflect a cash flow surplus of $11,479. The Staff-recommended rates generate a debt service coverage of 126.55%.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that the application should be approved, along with the proposed financing and recommended rates.

FINDINGS OF FACT

1. On February 27, 2004, Elkins Road Public Service District filed an application, duly verified, for a certificate to construct certain additions and improvements to the District's potable water system in Upshur County. (See, application).

2. By Order entered on February 27, 2003, Elkins Road Public Service District was required to provide public notice of this application. (See, Order dated February 27, 2004).

3. On March 25, 2004, the District filed an affidavit of publication in this proceeding, indicating that the required notice was published on March 8, 2004. The 30-day protest period ended on April 8, 2004. (See, Affidavit of Publication filed March 25, 2004).

4. On March 18, 2004, the District filed a notice of separate mailing to all of its customers verifying that the notification was provided as required by Procedural Rule 10.3.d. (See, Certification filed March 18, 2004).

5. The project will serve approximately 273 new customers at an estimated total project cost of $4,999,220. These residents have a long history of water supply problems. The residents are currently supplied by private wells. These wells have been insufficient and unsafe. News articles dating from 1982 document these health problems. The water also requires extensive conditioning and softening. The conditioning costs typically $80 per month. The City of Buckhannon's water treatment plant will supply the additional water. The plant currently has the capacity reserve to supply this project. (See, Initial Joint Staff Memorandum filed April 6, 2004; Final Joint Staff Memorandum and attachment filed June 14, 2004).

6. Funding for the project is as follows: a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $750,000; a grant from the HUD Small Cities Block grant program in the amount of $1,500,000; a grant from the USDA Rural Utilities Service in the amount of $1,728,000; a loan from the USDA Rural Utilities Services in the amount of $500,000; and a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $521,220. The Infrastructure Council loan is for a term of 40 years at 0% interest and the Rural Utilities Service loan is for a term of 40 years at 4.50% interest. The District has provided commitment letters for the project funding from the Small Cities Block Grant Fund, the Infrastructure and Jobs Development Council and the Rural Utilities Service. The Rural Utilities Service Loan requires the Elkins Road Public Service District to fund a 10% debt service reserve account and maintain a 115% debt

service coverage ratio. (See, application; Final Joint Staff Memorandum and attachment filed June 14, 2004).

7. At going level, the District's current rates and charges generate a cash flow deficit of ($30,799). The Staff-recommended rates generate a cash flow surplus of $11,479 and an adequate debt service coverage of 126.55%. (Staff Report filed June 14, 2004, at Letter of Transmittal, Exhibit 1).

8. Staff is of the opinion that the project is in the public interest, is adequately designed and funded, will serve the area at reasonable rates and should be approved. (See, Final Joint Staff Memorandum filed June 14, 2004).

CONCLUSIONS OF LAW

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

2. The proposed project will provide adequate service.

3. The project is adequately financed on a permanent basis and is economically feasible for Elkins Road Public Service District.

4. The Staff-recommended rates and charges are reasonable and should be approved for all service provided after the project is substantially complete.

5. Good cause has been shown to waive formal hearing on this matter, pursuant to West Virginia Code §24-2-11, since no protests have been received to the project.

6. The issuance of this certificate of convenience and necessity shall be valid for the project as proposed. Any substantial changes in the scope of this project and/or funding after the granting of the certificate will require further approval from the Public Service Commission.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and it hereby is, granted to Elkins Road Public Service District to construct, operate and maintain a potable water distribution system extension project (Phase II) in order to provide water service to approximately 263 customers in Vegan, Gormley, Nebo, Swamp Run, Sand Fork and Five Forks area of Upshur County, as set forth in the application filed herein on February 27, 2004.

IT IS FURTHER ORDERED that the proposed financing, consisting of a a grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $750,000; a grant from the HUD Small Cities Block grant program in the amount of $1,500,000; a grant from the USDA Rural Utilities Service in the amount of $1,728,000; a loan from the USDA Rural Utilities Service in the amount of $500,000, for a term of 40 years

at 4.5% interest; and a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $521,220 for a term of 40 years at 0% interest, be, and hereby is, approved.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges be, and they hereby are, approved, to become effective for all service rendered by Elkins Road Public Service District on and after the date that this project is placed into service. Elkins Road Public Service District shall file a revised tariff setting forth the rates and charges approved herein, within thirty (30) days from the date that the project is certified as complete. The approved rates and charges are attached hereto as Appendix A.

IT IS FURTHER ORDERED that a formal hearing in this matter be waived, pursuant to West Virginia Code §24-2-11, for the reasons that no protests were received after publication and there remain no outstanding issues to be litigated.

IT IS FURTHER ORDERED that the District notify the Commission as soon as the project is certified as complete.

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

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.

Miles C. Cary

Miles Cary
Administrative Law Judge

MCC:mal
040296a.wpd

ELKINS ROAD PUBLIC SERVICE DISTRICT
CASE NO. 04-0296-PWD-CN

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES

First	3,000 gallons	used per month	$7.40 per 1,000 gallons
Next	4,000 gallons	used per month	$6.79 per 1,000 gallons
Next	5,000 gallons	used per month	$4.98 per 1,000 gallons
All over	12,000 gallons	used per month	$4.07 per 1,000 gallons

MINIMUM CHARGE

No minimum bill will be rendered for less than $22.20 per month, which is the equivalent of 3,000 gallons.

5/8-inch meter	$ 22.20 per month
3/4-inch meter	$ 33.30 per month
1 -inch meter	$ 55.50 per month
1-1/4-inch meter	$ 81.03 per month
1-1/2-inch meter	$ 111.00 per month
2 -inch meter	$ 177.60 per month
3 -inch meter	$ 333.00 per month
4 -inch meter	$ 555.00 per month
6 -inch meter	$1,110.00 per month
8 -inch meter	$1,776.00 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

RECONNECTION - $20.00

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

LEAK ADJUSTMENT INCREMENT

$1.78 per 1,000 gallons is to be used when a bill reflects unusual consumption that can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

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

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 13th day of December, 2004.

CASE NO. 04-0296-PWD-CN (Reopened)

ELKINS ROAD PUBLIC SERVICE DISTRICT
Petition to reopen for Commission approval for additional funds for project due to bid overruns (filed 10/21/04).

COMMISSION ORDER

By Recommended Decision entered on July 6, 2004 (Final July 26, 2004), the Commission granted the Elkins Road Public Service District (District) a certificate of convenience and necessity to construct, operate and maintain a potable water distribution system extension project (Phase II) in order to provide water service to approximately 263 customers in Upshur County. The proposed financing and Staff-recommended rates were also approved. The approved financing consisted of the following: a $750,000 West Virginia Infrastructure and Jobs Development Council (WVIJDC) grant; a $1,500,000 HUD Small Cities Block grant; a $1,728,000 USDA Rural Utilities Service grant; a $500,000 USDA Rural Utilities Service loan for a 40-year term at 4.5% interest; and a $521,220 WVIJDC loan for a 40-year term at 0% interest.

On October 21, 2004, the District filed a petition to reopen this case for approval of refinancing. The District indicated the opened bids for the project exceeded the construction budget by $1,288,568, including 5% construction and project contingencies. Attached to the petition was the WVIJDC revised Pre-Application and Schedule B, as well as a revised Rule 42 Exhibit. The District also requested additional grant funding from the USDA Rural Utilities Service.

On November 10, 2004, the District filed an Affidavit of Publication that the Notice of Filing was published in the *Record Delta* on November 8, 2004. The Notice

of Filing provided a thirty-day period in which persons could file a written protest or notice of intervention.

On November 15, 2004, the District filed the WVIJDC Revised Binding Commitment Letter. The WVIJDC revised the binding commitment with an additional $988,568 loan (0%, 40 years) and an additional $300,000 grant to cover the additional costs. The District requested expedited treatment.

Commission Staff (Staff) filed an Initial and Final Joint Staff Memorandum on November 22, 2004, recommending approval of the additional project funding. With regard to a rate increase, Staff first noted that the bid overrun will require an increase above that previously approved. Although the District estimated it would need an additional 5% increase, Staff recommended a 1.4% rate increase, above the rates previously approved. Staff also recommended that the leak adjustment amount be revised to reflect $1.67 per 1000 gallons, based upon the anticipated increase in project customers and the corresponding annual consumption. Staff was informed that the bond closing is scheduled for December 16, 2004.

No protests were filed.

DISCUSSION

Upon review of all of the foregoing, the Commission agrees with the Staff recommendations filed on November 22, 2004. The District's petition for revised funding should be granted, consisting of an additional $988,568 WVIJDC loan (0%, 40 years) and an additional $300,000 WVIJDC grant. Furthermore, Staff's recommended 1.4% increase in rates, above those previously approved, should be approved.

FINDINGS OF FACT

1. On October 21, 2004, the District filed a petition to reopen this case for approval of refinancing, due to a bid overrun of $1,288,568, including 5% construction and project contingencies, and increased rates.

2. On November 10, 2004, the District filed an Affidavit of Publication that the Notice of Filing was published in the *Record Delta* on November 8, 2004. The Notice of Filing provided a thirty-day period in which persons could file a written protest or notice of intervention.

3. On November 15, 2004, the District filed the WVIJDC Revised Binding Commitment Letter. The WVIJDC revised the binding commitment with an additional $988,568 loan (0%, 40 years) and an additional $300,000 grant to cover the additional costs. The District requested expedited treatment.

4. On November 22, 2004, Staff recommended approval of the additional project funding, as well as a 1.4% rate increase, above the rates previously approved. Staff also recommended that the leak adjustment amount be revised to reflect $1.67 per 1000 gallons, based upon the anticipated increase in project customers and the corresponding annual consumption.

5. The bond closing is scheduled for December 16, 2004.

CONCLUSIONS OF LAW

1. The District's petition for revised funding should be granted, consisting of an additional $988,568 WVIJDC loan (0%, 40 years) and an additional $300,000 WVIJDC grant.

2. Staff's recommended 1.4% increase in rates, above those previously granted, should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the petition to reopen, filed by the Elkins Road Public Service District on October 21, 2004, is hereby granted.

IT IS FURTHER ORDERED that the Elkins Road Public Service District's petition for the revised funding, consisting of an additional $988,568 WVIJDC loan (0%, 40 years) and an additional $300,000 WVIJDC grant, is hereby approved.

IT IS FURTHER ORDERED that the 1.4% increase in rates above those previously approved and the leak adjustment, as recommended by Staff, are hereby approved as reflected on Attachment A. The rates shall be effective on and after the date that this project is placed into service.

IT IS FURTHER ORDERED that the Elkins Road Public Service District shall file an original and five copies of a revised tariff setting forth the rates and charges as approved herein, within thirty (30) days from the date the project is certified as complete.

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 District shall petition the Commission to reopen this proceeding for approval of the same.

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

Sandra Squire
Executive Secretary

TBS/ljm
040296ca.wpd

ELKINS ROAD PUBLIC SERVICE DISTRICT
CASE NO. 04-0296-PWD-CN
APPROVED RATES

(N) APPLICABILITY

Applicable within the entire territory served.

(C,I) AVAILABILITY OF SERVICE

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

(I) RATES

First	3,000	gallons used per month $7.50 per 1,000 gallons
Next	4,000	gallons used per month $6.89 per 1,000 gallons
Next	5,000	gallons used per month $5.05 per 1,000 gallons
All over	12,000	gallons used per month $4.13 per 1,000 gallons

(C,I) MINIMUM CHARGE

No minimum bill will be rendered for less than $22.50 per month which is the equivalent of 3,000 gallons.

5/8 inch meter	$ 22.50 per month
3/4 inch meter	$ 33.75 per month
1 inch meter	$ 56.25 per month
1- 1/4 inch meter	$ 82.13 per month
1- ½ inch meter	$ 112.50 per month
2 inch meter	$ 180.00 per month
3 inch meter	$ 337.50 per month
4 inch meter	$ 562.50 per month
6 inch meter	$1,125.00 per month
8 inch meter	$1,800.00 per month

(C) DELAYED PAYMENT PENALTY

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

Public Service Commission
of West Virginia
Charleston

ELKINS ROAD PUBLIC SERVICE DISTRICT
CASE NO. 04-0296-PWD-CN
APPROVED RATES

(C) TAP FEE

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

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

A tap fee of $300.00 will be charged to all customers who apply for service outside of a certificate proceeding before the Commission for each new tap to the system.

(C) RECONNECTION $20.00

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

(D) LEAK ADJUSTMENT INCREMENT

$1.67 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

(C,I) RETURNED CHECK CHARGE

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

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

West Virginia Infrastructure & Jobs Development Council

Public Members:
Russell L. Isaacs, Chairman
Cottageville
Henry Harmon, Vice Chairman
Hurricane
Dwight Calhoun
Petersburg
C. R. "Rennie" Hill, III
Beckley

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

Katy Mallory, PE
Executive Secretary

KMallory@verizon.com

September 4, 2002

Mr. Leonard DeRico, Chairman
Elkins Road Public Service District
Route 2, Box 105
Buckhannon, West Virginia 26201

Re: Elkins Road Public Service District
Water Project 97W-369

Dear Mr. DeRico:

The West Virginia Infrastructure and Jobs Development Council (the "Infrastructure Council") has reviewed the Elkins Road Public Service District's (the "District") revised preliminary application regarding its proposed project to extend water along Corridor H between Buckhannon and Elkins, construct a booster station and a storage tank (the "Project").

Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the revised preliminary application, the Infrastructure Council recommends that the District utilize $2,485,000 Rural Utilities Service assistance and pursue a $1,500,000 Small Cities Block Grant / Appalachian Regional Commission grant to fund this $4,999,220 Project. Please contact the West Virginia Development Office at 558-4010 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from these agencies.**

The Infrastructure Council also determined the District may be eligible for Infrastructure Fund assistance of $1,271,220. However, the Infrastructure Council's final decision regarding specific funding of the Project is deferred pending the District's readiness to proceed and availability of funds in the Infrastructure Fund. **This letter is not a commitment letter of Infrastructure Funds.** The Project will be placed on the Infrastructure Council's pending list of projects.

If you have any questions regarding this matter, please contact Katy Mallory at 558-4607.

Sincerely,

Russell L. Isaacs

Enclosure
cc: Walt Ivey, BPH (w/o enclosure)
Debbie Legg, WVDO (w/o enclosure)
Rosemary Christian, RUS
Region VII Planning & Development Council
Robert Belcher, P.E., Chapman Technical Group

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture)

RECEIPT FOR SERIES 2004 A BONDS

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 20th day of December, 2004, at Buckhannon, West Virginia, the undersigned received for the Purchaser the Elkins Road Public Service District Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), No. AR-1 (the "Series 2004 A Bonds"), issued as a single, fully registered Bond, in the principal amount of $500,000, dated the date hereof, bearing interest at the rate of 4.50% per annum, payable in monthly installments as stated in the Bond. The Series 2004 A Bonds represent the entire above captioned Bond issue.

2. At the time of such receipt, the Series 2004 A Bonds had been executed and sealed by the designated officials of the Public Service Board of Elkins Road Public Service District (the "Issuer").

3. At the time of such receipt, there was paid to the Issuer the sum of $8,000, being a portion of the principal amount of the Series 2004 A Bonds. The balance of the principal amount of the Series 2004 A Bonds will be advanced by the Purchaser to the Issuer as acquisition and construction of the Project progresses.

4. At the time of such receipt, the undersigned also received three sets of bond transcript documents.

WITNESS my signature on this 20th day of December, 2004.

Authorized Representative

12/09/04
255510.00001

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 B (West Virginia Infrastructure Fund)

CROSS-RECEIPT FOR SERIES 2004 B BONDS AND BOND PROCEEDS

On this 20th day of December, 2004, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of the Public Service Board of Elkins Road Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the date hereof, the Authority received the Elkins Road Public Service District Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), issued in the principal amount of $1,509,788, as a single, fully registered Bond, numbered BR-1 and dated December 20, 2004 (the "Series 2004 B Bonds").

2. At the time of such receipt of the Series 2004 B Bonds upon original issuance, the Series 2004 B Bonds had been executed by the Chairman and Secretary of the Public Service Board of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2004 B Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2004 B Bonds, of $65,661, being a portion of the principal amount of the Series 2004 B Bonds. The balance of the principal amount of the Series 2004 B Bonds will be advanced by the Authority and the West Virginia Infrastructure and Jobs Development Council to the Issuer as acquisition and construction of the Project progresses.

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Authorized Representative

ELKINS ROAD PUBLIC SERVICE DISTRICT

Chairman

12/09/04
255510.00001

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 B (West Virginia Infrastructure Fund)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2004 B BONDS

The Huntington National Bank, as
Bond Registrar for the Series 2004 B Bonds
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 20th day of December, 2004:

(1) Bond No. BR-1, constituting the entire original issue of Elkins Road Public Service District Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), in the principal amount of $1,509,788, dated December 20, 2004 (the "Series 2004 B Bonds"), executed by the Chairman and the Secretary of the Public Service Board of Elkins Road Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on December 16, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 16, 2004 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-described Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the loan agreement dated December 20, 2004 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2004 B Bonds.

You are hereby requested and authorized to deliver the Series 2004 B Bonds to the Authority upon payment to the Issuer of the sum of $65,661, representing a portion of the principal amount of the Series 2004 B Bonds. Prior to such delivery of the Series 2004 B Bonds, you will please cause the Series 2004 B Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2004 B Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

ELKINS ROAD PUBLIC SERVICE DISTRICT

Chairman

12/09/04
255510.00001

SPECIMEN

91-02

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
ELKINS ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2004 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

No. AR-1 Date: December 20, 2004

FOR VALUE RECEIVED, the ELKINS ROAD PUBLIC SERVICE DISTRICT (the "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FIVE HUNDRED THOUSAND DOLLARS ($500,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of this Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,295, 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 acquisition and construction of improvements and extensions to the existing public waterworks system (the "System") of the Borrower, is payable solely from the net revenues to be derived from the operation of the System in the manner provided in the hereinafter defined Resolution. This Bond does not in any manner constitute a corporate indebtedness of Borrower within the meaning of any constitutional or statutory provision or limitation.

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Resolution and upon surrender and cancellation of this Bond.

Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the 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 on December 16, 2004, and a Supplemental Resolution of the Borrower duly adopted on December 16, 2004, authorizing issuance of this Bond (collectively, 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 Farmer and Rural Development Act of 1965. 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 WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $360,000 AND CURRENTLY HELD BY THE RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (THE "SERIES 1979 BONDS"); (2) WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 10, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,032,000 AND CURRENTLY HELD BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (THE "SERIES 1998 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED DECEMBER 20, 2004, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,509,788 AND HELD BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY.

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

ELKINS ROAD PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

Chairman
Route 2, Box 105
Buckhannon, West Virginia 26201

ATTEST:

Secretary

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 8,000	December 20, 2004	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers to___ _____ 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 Borrower with full power of substitution in the premises.

Dated: _____, _____.

_____

In presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
ELKINS ROAD PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2004 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $1,509,788

KNOW ALL MEN BY THESE PRESENTS: That on this the 20th day of December, 2004, ELKINS ROAD PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Upshur County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION FIVE HUNDRED NINE THOUSAND SEVEN HUNDRED EIGHTY-EIGHT DOLLARS ($1,509,788), or such lesser amount as shall have been advanced to the Issuer,hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated December 20, 2004.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of th Issuer, the Project and any further additions, betterments or improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the

SPECIMEN

Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on December 16, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 16, 2004 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1979, DATED SEPTEMBER 23, 1980, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $360,000 AND CURRENTLY HELD BY THE RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (THE "SERIES 1979 BONDS"); (2) WATER REVENUE BONDS, SERIES 1998 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED SEPTEMBER 10, 1998, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $2,032,000 AND CURRENTLY HELD BY THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (THE "SERIES 1998 A BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED DECEMBER 20, 2004, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $500,000 AND HELD BY THE RURAL UTILITIES SERVICE, UNITED STATES DEPARTMENT OF AGRICULTURE (THE "SERIES 2004 A BONDS"). THE SERIES 1979 BONDS AND THE SERIES 1998 A BONDS ARE COLLECTIVELY CALLED 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 Series 2004 A Bonds and the Prior Bonds, and from moneys in the reserve account created under the Bond Legislation for the Bonds (the "Series 2004 B Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and which 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 moneys in the Series 2004 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the

SPECIMEN

reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds, and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Series 2004 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2004 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the Series 2004 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

In accordance with the requirements of the United States Department of Agriculture for the issuance of parity obligations, 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.

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.

SPECIMEN

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

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2004 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: December 20, 2004.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 65,661	December 20, 2004	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

$1,509,788
Elkins Road Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: December 20, 2004

SPECIMEN

Debt Service Schedule

Part 1 of 4

Date	Principal	Coupon	Total P+I
03/01/2005	-	-	-
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	9,867.90	-	9,867.90
03/01/2007	9,867.90	-	9,867.90
06/01/2007	9,867.90	-	9,867.90
09/01/2007	9,867.90	-	9,867.90
12/01/2007	9,867.90	-	9,867.90
03/01/2008	9,867.90	-	9,867.90
06/01/2008	9,867.90	-	9,867.90
09/01/2008	9,867.90	-	9,867.90
12/01/2008	9,867.90	-	9,867.90
03/01/2009	9,867.90	-	9,867.90
06/01/2009	9,867.90	-	9,867.90
09/01/2009	9,867.90	-	9,867.90
12/01/2009	9,867.90	-	9,867.90
03/01/2010	9,867.90	-	9,867.90
06/01/2010	9,867.90	-	9,867.90
09/01/2010	9,867.90	-	9,867.90
12/01/2010	9,867.90	-	9,867.90
03/01/2011	9,867.90	-	9,867.90
06/01/2011	9,867.90	-	9,867.90
09/01/2011	9,867.90	-	9,867.90
12/01/2011	9,867.90	-	9,867.90
03/01/2012	9,867.90	-	9,867.90
06/01/2012	9,867.90	-	9,867.90
09/01/2012	9,867.90	-	9,867.90
12/01/2012	9,867.90	-	9,867.90
03/01/2013	9,867.90	-	9,867.90
06/01/2013	9,867.90	-	9,867.90
09/01/2013	9,867.90	-	9,867.90
12/01/2013	9,867.90	-	9,867.90
03/01/2014	9,867.90	-	9,867.90
06/01/2014	9,867.90	-	9,867.90
09/01/2014	9,867.90	-	9,867.90
12/01/2014	9,867.90	-	9,867.90
03/01/2015	9,867.90	-	9,867.90
06/01/2015	9,867.90	-	9,867.90
09/01/2015	9,867.90	-	9,867.90
12/01/2015	9,867.90	-	9,867.90

SPECIMEN

Date	Principal	Coupon	Total P+I
03/01/2016	9,867.90	-	9,867.90
06/01/2016	9,867.90	-	9,867.90
09/01/2016	9,867.90	-	9,867.90
12/01/2016	9,867.90	-	9,867.90
03/01/2017	9,867.90	-	9,867.90
06/01/2017	9,867.90	-	9,867.90
09/01/2017	9,867.90	-	9,867.90
12/01/2017	9,867.90	-	9,867.90
03/01/2018	9,867.90	-	9,867.90
06/01/2018	9,867.90	-	9,867.90
09/01/2018	9,867.90	-	9,867.90
12/01/2018	9,867.90	-	9,867.90
03/01/2019	9,867.90	-	9,867.90
06/01/2019	9,867.90	-	9,867.90
09/01/2019	9,867.90	-	9,867.90
12/01/2019	9,867.90	-	9,867.90
03/01/2020	9,867.90	-	9,867.90
06/01/2020	9,867.90	-	9,867.90
09/01/2020	9,867.90	-	9,867.90
12/01/2020	9,867.90	-	9,867.90
03/01/2021	9,867.90	-	9,867.90
06/01/2021	9,867.90	-	9,867.90
09/01/2021	9,867.90	-	9,867.90
12/01/2021	9,867.90	-	9,867.90
03/01/2022	9,867.90	-	9,867.90
06/01/2022	9,867.90	-	9,867.90
09/01/2022	9,867.90	-	9,867.90
12/01/2022	9,867.90	-	9,867.90
03/01/2023	9,867.90	-	9,867.90
06/01/2023	9,867.90	-	9,867.90
09/01/2023	9,867.90	-	9,867.90
12/01/2023	9,867.90	-	9,867.90
03/01/2024	9,867.90	-	9,867.90
06/01/2024	9,867.90	-	9,867.90
09/01/2024	9,867.90	-	9,867.90
12/01/2024	9,867.90	-	9,867.90
03/01/2025	9,867.90	-	9,867.90
06/01/2025	9,867.90	-	9,867.90
09/01/2025	9,867.90	-	9,867.90
12/01/2025	9,867.90	-	9,867.90
03/01/2026	9,867.90	-	9,867.90
06/01/2026	9,867.90	-	9,867.90
09/01/2026	9,867.90	-	9,867.90
12/01/2026	9,867.90	-	9,867.90

SPECIMEN

Date	Principal	Coupon	Total P+I
03/01/2027	9,867.90	-	9,867.90
06/01/2027	9,867.90	-	9,867.90
09/01/2027	9,867.89	-	9,867.89
12/01/2027	9,867.89	-	9,867.89
03/01/2028	9,867.89	-	9,867.89
06/01/2028	9,867.89	-	9,867.89
09/01/2028	9,867.89	-	9,867.89
12/01/2028	9,867.89	-	9,867.89
03/01/2029	9,867.89	-	9,867.89
06/01/2029	9,867.89	-	9,867.89
09/01/2029	9,867.89	-	9,867.89
12/01/2029	9,867.89	-	9,867.89
03/01/2030	9,867.89	-	9,867.89
06/01/2030	9,867.89	-	9,867.89
09/01/2030	9,867.89	-	9,867.89
12/01/2030	9,867.89	-	9,867.89
03/01/2031	9,867.89	-	9,867.89
06/01/2031	9,867.89	-	9,867.89
09/01/2031	9,867.89	-	9,867.89
12/01/2031	9,867.89	-	9,867.89
03/01/2032	9,867.89	-	9,867.89
06/01/2032	9,867.89	-	9,867.89
09/01/2032	9,867.89	-	9,867.89
12/01/2032	9,867.89	-	9,867.89
03/01/2033	9,867.89	-	9,867.89
06/01/2033	9,867.89	-	9,867.89
09/01/2033	9,867.89	-	9,867.89
12/01/2033	9,867.89	-	9,867.89
03/01/2034	9,867.89	-	9,867.89
06/01/2034	9,867.89	-	9,867.89
09/01/2034	9,867.89	-	9,867.89
12/01/2034	9,867.89	-	9,867.89
03/01/2035	9,867.89	-	9,867.89
06/01/2035	9,867.89	-	9,867.89
09/01/2035	9,867.89	-	9,867.89
12/01/2035	9,867.89	-	9,867.89
03/01/2036	9,867.89	-	9,867.89
06/01/2036	9,867.89	-	9,867.89
09/01/2036	9,867.89	-	9,867.89
12/01/2036	9,867.89	-	9,867.89
03/01/2037	9,867.89	-	9,867.89
06/01/2037	9,867.89	-	9,867.89
09/01/2037	9,867.89	-	9,867.89
12/01/2037	9,867.89	-	9,867.89

SPECIMEN

Date	Principal	Coupon	Total P+I
03/01/2038	9,867.89	-	9,867.89
06/01/2038	9,867.89	-	9,867.89
09/01/2038	9,867.89	-	9,867.89
12/01/2038	9,867.89	-	9,867.89
03/01/2039	9,867.89	-	9,867.89
06/01/2039	9,867.89	-	9,867.89
09/01/2039	9,867.89	-	9,867.89
12/01/2039	9,867.89	-	9,867.89
03/01/2040	9,867.89	-	9,867.89
06/01/2040	9,867.89	-	9,867.89
09/01/2040	9,867.89	-	9,867.89
12/01/2040	9,867.89	-	9,867.89
03/01/2041	9,867.89	-	9,867.89
06/01/2041	9,867.89	-	9,867.89
09/01/2041	9,867.89	-	9,867.89
12/01/2041	9,867.89	-	9,867.89
03/01/2042	9,867.89	-	9,867.89
06/01/2042	9,867.89	-	9,867.89
09/01/2042	9,867.89	-	9,867.89
12/01/2042	9,867.89	-	9,867.89
03/01/2043	9,867.89	-	9,867.89
06/01/2043	9,867.89	-	9,867.89
09/01/2043	9,867.89	-	9,867.89
12/01/2043	9,867.89	-	9,867.89
03/01/2044	9,867.89	-	9,867.89
06/01/2044	9,867.89	-	9,867.89
09/01/2044	9,867.89	-	9,867.89
12/01/2044	9,867.89	-	9,867.89
Total	**$1,509,788.00**	-	**$1,509,788.00**

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

12/09/04
255510.00001

ELKINS ROAD PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2004 A
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$500,000

REGISTRATION BOOKS

(No writing on these Books except by the Issuer as Registrar)

Bond No.	Date of Registration	In Whose Name Registered	Signature of Secretary of Registrar
AR-1	December 20, 2004	United States Department of Agriculture	Carey A Wagner

04/28/04
255510.00001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
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

December 20, 2004

Elkins Road Public Service District
Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

Elkins Road Public Service District
Buckhannon, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Elkins Road Public Service District in Upshur County, West Virginia (the "Issuer"), of its $500,000 Water Revenue Bonds, Series 2004 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"), a Bond Resolution duly adopted by the Issuer on December 16, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 16, 2004 (collectively, the "Bond Legislation"). We have examined the law and such certified copies of 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 Bond Legislation 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 duly created and validly existing as a public service district and as a public corporation and a political subdivision of the State of West Virginia with full power to adopt and enact the Bond Legislation, perform the agreements on its part contained therein and issue and sell the Bonds, all under the Act and other applicable provisions of law.

2. The Bond Legislation has been duly and effectively adopted and enacted by the Issuer and constitutes a valid and binding obligation of the Issuer enforceable upon the Issuer.

3. Pursuant to the Act, the Bond Legislation creates a valid lien on the funds pledged by the Bond Legislation for the security of the Bonds, on a parity with the Issuer's (1) Water Revenue Bonds, Series 1979, dated September 23, 1980, issued in the original aggregate principal amount of $360,000; (2) Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated September 10, 1998, issued in the original aggregate principal amount of $2,032,000; and (3) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 20, 2004, issued concurrently herewith in the original aggregate principal amount of $1,509,788.

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 Bond Legislation.

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

05/04/04
255510.00001

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
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Writer's Contact Information

December 20, 2004

Elkins Road Public Service District
Water Revenue Bonds, Series 2004 B
(West Virginia Infrastructure Fund)

Elkins Road Public Service District
Buckhannon, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Elkins Road Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $1,509,788 Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated December 20, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, and maturing December 1, 2044, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purpose of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

TERRALEX

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on December 16, 2004, as supplemented by a Supplemental Resolution duly adopted by the Issuer on December 16, 2004 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's (1) Water Revenue Bonds, Series 1979, dated September 23, 1980, issued in the original aggregate principal amount of $360,000; (2) Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated September 10, 1998, issued in the original aggregate principal amount of $2,032,000; and (3) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated December 20, 2004, issued concurrently herewith in the original aggregate principal amount of $500,000, all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

Steptoe & Johnson PLLC

STEPTOE & JOHNSON PLLC

12/09/04
255510.00001

WILLIAM C. THURMAN
Attorney at Law
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December 20, 2004

Elkins Road Public Service District
Water Revenue Bonds, Series 2004A
(United States Department of Agriculture)

Elkins Road Public Service District
Buckhannon, West Virginia

United States Department of Agriculture
Elkins, West Virginia

Steptoe & Johnson PLLC
Clarksburg, West Virginia

Ladies and Gentlemen:

I am counsel to Elkins Road Public Service District, a public service district in Upshur County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a bond resolution of the Issuer duly adopted December 16, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 16, 2004 (collectively the "Bond 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 Upshur County, West Virginia 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 Bond 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.

3. The Bond 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 Bond Resolution, and the carrying out of the terms thereof, do not and will not, in any 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, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of 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, all requisite orders, certificates, consents and approvals from The County Commission of Upshur County, West Virginia, The West Virginia Infrastructure and Jobs Development Council, and the West Virginia Public Service Commission, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has 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 and the Bond 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.

Very truly yours,

William C. Thurman

William C. Thurman

WILLIAM C. THURMAN
Attorney at Law
Rt.3, Box 245 CC
WV Bar #3759

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December 20, 2004

Elkins Road Public Service District
Water Revenue Bonds, Series 2004B
(West Virginia Infrastructure Funds)

Elkins Road Public Service District
Buckhannon, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure and Jobs Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Elkins Road Public Service District, a public service district in Upshur County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2004 B Bonds dated December 20, 2004, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), the Bond Resolution of the Issuer duly adopted December 16, 2004, and a Supplemental Resolution duly adopted by the Issuer on December 16, 2004 (collectively the "Bond Resolution"), and other documents, papers, agreements, instruments and certificates relating to the above captioned Bonds of the Issuer (collectively the "Bonds") and documents and Orders of The County Commission of Upshur County, West Virginia relating to the creation of the Issuer and the appointment of members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings as defined in the Bond Resolution and the Loan Agreement 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.

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

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

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

6. All permits, licenses, approvals, consents, certificates, orders, exemptions and authorizations necessary for the due creation and valid existence of the Issuer, the issuance of 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, all requisite orders, certificates, consents and approvals from The County Commission of Upshur County, West Virginia, the West Virginia Bureau for Public Health, the Council, and the West Virginia Public Service Commission, and the Issuer has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Recommended Decision and the Commission Order of the Public Service Commission of West Virginia entered on July 26. 2004 and December 13, 2004, respectively, in Case No. 04-0296-PWD-CN, among other things, granting to the Issuer a Certificate of Public Convenience and Necessity for the Project, approving the rates and charges of the System, and approving the financing for the Project. The time for appeal of the Recommended Decision which became final on July 26, 2004,has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order of December 13, 2004 has not expired on the date hereof. The Issuer and other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any

appeal, further hearing, reopening or rehearing by any customer, protestant, intervener or other person not a party to such Order. Such Orders remain in full force and effect.

7. To the best of my knowledge, after due inquiry, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond 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.

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

Very truly yours,

William C. Thurman

WILLIAM C. THURMAN

Attorney at Law
Rt.3, Box 245 CC
Buckhannon, WV 26201-9435
(304) 473-1900

WV Bar #3759
Fax: (304) 472-5673
E-Mail: wthurman@msys.net

December 20, 2004

Elkins Road Public Service District
Rt. 2, Box 105
Buckhannon, West Virginia 26201

West Virginia Infrastructure and Jobs Development Council
300 Summers Street
Charleston, West Virginia 25311

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

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

Re: Final Narrative Title Opinion
Elkins Road PSD Phase II Water Extension Project
Case No. 04-0296-PWD-CN

Ladies and Gentlemen:

I serve as counsel for the Elkins Road Public Service District for the above referenced project and in that capacity I have reviewed the right of way maps and report of Chapman Technical Group, Inc. setting forth the easements and rights of way, a tank site, a booster station site, a pressure reducing valve station, including road crossings and other appurtenances for the operation and maintenance of the Phase II system extension. Based upon my review of these maps, reports and the records in the Office of the Clerk of the County Commission of Upshur County, West Virginia, and the documents herein below mentioned, I am of the opinion:

1. That Elkins Road Public Service District is a duly created and existing public corporation possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia, and as such has the legal power and authority to construct, operate and maintain the water distribution system extension described in the report of Chapman Technical Group, the consulting engineers for the Project.

2. The Elkins Road Public Service District has obtained all necessary permits and approvals for the construction of the aforementioned water distribution system extension as set forth in the Preliminary Opinion of Counsel Relative to Rights of Way on, over and through the property shown on the right of way maps.

3. I have investigated and ascertained the location of and am familiar with the legal descriptions of the necessary sites, including easements and/or rights of way required for the Project as set forth in the plans for the Project prepared by Chapman Technical Group, the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Upshur County, West Virginia wherein the Project is to be located, and in my opinion the Elkins Road Public Service District has acquired legal title or such other estate or interest in all of the necessary site components for the Phase II Extension Project, including the sites, rights of way and easements as set forth in the Preliminary Opinion of Counsel Relative to Rights of Way on, over and through the property shown on the right of way maps, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following listed property is to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Upshur County, West Virginia, Civil Action 04-P-44, to permit the District a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The District's title thereto is defeasible in the event the District does not satisfy any resulting judgement and/or award in the proceedings for acquisition of said premises, and my certification is subject to the following pending litigation:

Name	Tax Map	Parcel
Arnold A. Walker, II and Sharon D. Walker	Union District 8-G	39

6. All deeds, easements and rights of way which have been acquired to date by the District have been duly recorded in the Office of the Clerk of the County Commission of Upshur County, West Virginia to protect the legal title to and interest of Elkins Road Public Service District.

Sincerely,

William C. Thurman

WILLIAM C. THURMAN

Attorney at Law
Rt.3, Box 245 CC
Buckhannon, WV 26201-9435
(304) 473-1900

WV Bar #3759
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E-Mail: wthurman@msys.net

December 20, 2004

Mr. Joe Crickenberger, Rural Development Specialist
Rural Utilities Service
United States Department of Agriculture
401 Davis Avenue
Elkins, WV 26241

Re: Final Narrative Title Opinion
Elkins Road PSD Phase II Water Extension Project
Case No. 04-0296-PWD-CN

Dear Mr. Crickenberger:

I serve as counsel for the Elkins Road Public Service District for the above referenced project and in that capacity I have reviewed the right of way maps and report of Chapman Technical Group, Inc. setting forth the easements and rights of way, a tank site, a booster station site, a pressure reducing valve station, including road crossings and other appurtenances for the operation and maintenance of the Phase II system extension. Based upon my review of these maps, reports and the records in the Office of the Clerk of the County Commission of Upshur County, West Virginia, and the documents herein below mentioned, I am of the opinion:

1. That Elkins Road Public Service District is a duly created and existing public corporation possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia, and as such has the legal power and authority to construct, operate and maintain the water distribution system extension described in the report of Chapman Technical Group, the consulting engineers for the Project.

2. The Elkins Road Public Service District has obtained all necessary permits and approvals for the construction of the aforementioned water distribution system extension as set forth in the Preliminary Opinion of Counsel Relative to Rights of Way on, over and through the property shown on the right of way maps.

3. I have investigated and ascertained the location of and am familiar with the legal descriptions of the necessary sites, including easements and/or rights of way required for the Project as set forth in the plans for the Project prepared by Chapman Technical Group, the consulting engineers for the Project.

4. I have examined the records on file in the Office of the Clerk of the County Commission of Upshur County, West Virginia wherein the Project is to be located, and in my opinion the Elkins Road Public Service District has acquired legal title or such other estate or interest in all of the necessary site components for the Phase II Extension Project, including the sites, rights

of way and easements as set forth in the Preliminary Opinion of Counsel Relative to Rights of Way on, over and through the property shown on the right of way maps, with the exception of those listed in Paragraph 5, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the Project.

5. The following listed property is to be acquired by eminent domain and the necessary filings have been made in the Office of the Clerk of the Circuit Court of Upshur County, West Virginia, Civil Action 04-P-44, to permit the District a right-of-entry for the purpose of construction, operation and maintenance of the Project on the subject properties. The District's title thereto is defeasible in the event the District does not satisfy any resulting judgement and/or award in the proceedings for acquisition of said premises, and my certification is subject to the following pending litigation:

Name	Tax Map	Parcel
Arnold A. Walker, II and Sharon D. Walker	Union District 8-G	39

6. All deeds, easements and rights of way which have been acquired to date by the District have been duly recorded in the Office of the Clerk of the County Commission of Upshur County, West Virginia to protect the legal title to and interest of Elkins Road Public Service District.

7. West Virginia Code 16-13A-8 provides, in pertinent part, as follows:

> "For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purpose of the district, each such district has the right of eminent domain to the same extent and to be exercised in the same manner as now or hereafter provided by law for such right of eminent domain by cities, incorporated towns and other municipal corporations...".

8. The Elkins Road Public Service District is, therefore, duly vested with the right of eminent domain and may acquire rights of way, easements and lands not heretofore acquired from any private property owners and which could not be acquired by negotiation and purchase that are necessary for the construction of the proposed water distribution system extension. Pursuant to such authority the District will institute appropriate proceedings against the property owners, if necessary.

9. This opinion, the preliminary title opinions, and the Preliminary Opinion of Counsel Relative to Rights of Way are rendered by me subject to any pending proceedings before the West Virginia Public Service Commission and the results thereof.

10. Subject to the foregoing, and upon closing, you shall have a first statutory mortgage lien upon the public service properties described and referred to herein.

Sincerely,

William C. Thurman

William C. Thurman

xc: Elkins Road Public Service District
Chapman Technical Group

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT

FORM APPROVED
OMB NO. 0575-0015

OPINION OF COUNSEL RELATIVE TO RIGHTS-OF-WAY

Date December 20, 2004

Dear Sir:

I have reviewed the action taken by Elkins Road Public Service District, a public corporation (hereinafter called the "Corporation") in obtaining a right-of-way for the construction, operation, and maintenance of the facilities to be installed, repaired, or enlarged with the proceeds of a loan made or insured by, and/or a grant from Rural Development to the Corporation. I have examined the right-of-way instruments, permits, or licenses obtained from landowners, public bodies, and public utilities and made such searches of the public records necessary to determine the legal sufficiency of the instruments covered by the "Right-of-way Certificate," executed by the Corporation on December 20, 2004 XXX. I also have examined the "Right-of-way Map" to determine whether continuous and adequate land and rights-of-way are owned or have been acquired by the instruments covered in the "Right-of-way Certificate."

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

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

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

C. Exceptions: None

D. Attached are Contract 1, Contract 2 and Contract 3
Permanent Easement Lists

Very truly yours,

William C. Thurman

Attorney for Elkins Road Public Service District, a public corporation and political subdvision of the State of West Virginia

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

12/13/2004

ELKINS ROAD PUBLIC SERVICE DISTRICT

Contract No. 1 - Waterline Extension Project

PERMANENT EASEMENTS NEEDED

DWG. NO.	DIST.	TAX MAP	PARCEL NO.	OWNER	ADDRESS	DEED BOOK	PAGE NO.	Type of Easement	Length
3	Union	9F	24	Darlene Dean	RR 4, Box 608-A, Buckhannon, WV 26201	371	312	6" Waterline & PRV Station	25'
5	Union	9G	20.9	Harold M. and Sandra K. Parsons	765 Glady Creed Road, Ireland, WV 26376	377	464	12" Waterline	500'
5,6	Union	9G	20.8	Harold M. and Sandra K. Parsons*	765 Glady Creed Road, Ireland, WV 26376	377	464	12" Waterline	300'
6	Union	9G	15.1	Donald L. and Rosetta J. Wright	3 Greenbrier Dr., Buckhannon, WV 26201	393	614	12" Waterline	945'
6	Union	9G	15.1	Donald L. and Rosetta J. Wright	3 Greenbrier Dr., Buckhannon, WV 26201	393	614	2" Waterline	270'
6, 6A	Union	9G	2	Fayma Brawner	P.O. Box 369, Buckhannon, WV 26201	352	388	2" Waterline	1200'
6A	Union	9G	2.1	Geraldine Wheaton	105 High St., Warren, OH 44482	356	640	2" Waterline	400'
8	Union	8G	55	Judy K. Reimer and Ervin Deuley	HC71, Box 117, Ellamore, WV 26267	359	54	8" Creek Crossing	75'
8	Union	8G	51.1	James E. Tenney, Jr. (1/2 Interest)	5320 Lakins Lair Court, Virginia Beach, VA 23464	433	580	8" Waterline	105'
				Patricia Ann Oliveria (1/2 Interest)	225 Cypress Creek Farm Rd., Samford, NC 27330	433	580	8" Waterline	105'
8,10	Union	8G	51.2	Charles C. Tenney	138 Shawnee Drive, Buckhannon, WV 26201	317	488	8" Waterline	1280'
9	Union	8G	50.1	Sonny and Donna S. Matthews	P.O. Box 544, Buckhannon, WV 26201	302	788	2" Creek Crossing & Blow-off	30'
9	Union	8G	56.8	David and Teresa Mason	Rt. 4, Box 613-D, Buckhannon, WV 26201	395	766	2" Waterline	260'
10	Union	8G	37	James L. Lee and Donna M. Moore	P.O. Box 692, Buckhannon, WV 26201	407	664	8" Waterline	675'
10	Union	8G	51.3	Donald Wamsley II and Cora J. Wamsley	Rt. 10 Box , Buckhannon, WV 26201	448	498	8" Creek Crossing	35'
10	Union	8H	54.2	Larry L. and Sharon Sue Grubb	HC 71, Box 119, Ellamore, WV 26267	374	742	8" Creek Crossing	35'
12	Union	8H	34	Roger L. Sr., and Grace Oates	HC 71, Box 145, Ellamore, WV 26267	383	415	6" Creek Crossing	60'
12	Union	8H	34.2	Roger L. Sr., and Grace Oates	Star Rt., Box 145, Ellamore, WV 26267	282	641	2" Waterline	495'
12	Union	8H	34.4	Roger L. Jr., and Gwenda Oates	P.O. Box 2564, Buckhannon, WV 26201	282	635	2" Waterline	330'
12	Union	8H	34.5	Roger L. Jr., and Gwenda Oates	P.O. Box 2564, Buckhannon, WV 26201	406	1	2" Waterline	350'
12	Union	8H	38	Lyle K. and Roberta N. Anderegg	7 Sandy Avenue, Buckhannon, WV 26201	203	117	Blow-off	5'
13	Union	9G	22	Agnes D. and Orval S. Channel	HC 71, Box 107, Ellamore, WV 26267-9502	406	377	6" Waterline	300'
13	Union	9G	24	Eric Dale and Pamela J. Winter McCormick	528 19th Street, Dunbar, WV 25064	WB 36	373	6" Wateline	420'
13	Union	9G	14	Susan Louise Fallen	Rt. 4, Box 534, Buckhannon, WV 26201	WB36	373	6' Waterline	450'

***Note: Outdoor sign lease provisions.**

ELKINS ROAD PUBLIC SERVICE DISTRICT

Contract No. 2 - Waterline Extension Project

PERMANENT EASEMENTS NEEDED

DWG. NO.	DIST.	TAX MAP	PARCEL NO.	OWNER	ADDRESS	DEED BOOK	PAGE NO.	Type of Easement	Length
1	Union	8F	64	Patricia Chidester	Rt. 4, Box 574-C, Buckhannon, WV 26201	442	738	2" Waterline	40'
1	Union	9F	12	Alice Faye Campbell and Lisa R. Keeney	1724 Warner Ct., Mineral Ridge, OH 44440	WB25	495	2" Waterline	675'
				Jason C. Campbell (1/3 Interest)		WB25	495	2" Waterline	675'
				Lisa R. Keeney (1/3 Interest)		WB25	495	2" Waterline	675'
				Julia Beck (1/3 Interest)		WB25	495	2" Waterline	675'
2	Union	9F	10	Woody Lumber Company, Inc.	24 Vicksburgh Road, Buckhannon, WV 26201	432	704	8" Stream Crossing	30'
3	Union	9E	10	Cindy N. and Darrel D. Burgess	Rt. 4, Box 573, Buckhannon, WV 26201	425	684	8" Stream Crossing (1) & 8" Creek Crossing (2)	120'
6	Union	9E	24	Edward L. and Sheila J. Shaffer, Jr.	Rt. 4, Box 557-2, Buckhannon, WV 26201	250	292	6" Creek Crossing	30'
6	Union	9E	37	Kay A. and Mitchell P. Wyatt	RR 5, Box 379, Buckhannon, WV 26201	426	708	6" Creek Crossing	30'
6	Union	9E	32	William L. and Mary L. Wiles	Rt. 4, Box 564-A, Buckhannon, WV 26201	181	143	6" Creek Crossing	30'
7,8	Union	9E	21	Betty R. and William Heathcoe	Rt. 4, Box 558-B, Buckhannon, WV 26201	378	201	6" Creek Crossing	60'
7,8	Union	9E	21	Betty R. and William Heathcoe	Rt. 4, Box 558-B, Buckhannon, WV 26201	378	201	6" Waterline & PRV Station	25'
8	Union	9D	24	Billy L. and Barbara J. Davis	2401 Taft, Youngstown, OH 44502	438	581	6 "Creek Crossing	30'
11	Union	9F	32	Joel T. and Terry S. Hummer	Rt. 4, Box 541, Buckhannon, WV 26201	380	59	3/4" Service Line for 9F/38	55'
15	Union	8E	15	Okel and Jennifer Rowan	Rt. 2, Box 388-E, Buckhannon, WV 26201	411	202	6" Stream Crossing	30'
15	Union	8E	21	Rose Mary Moreland	Rt. 4, Box 586, Buckhannon, WV 26201	305	62	6" Creek Crossing	50'
15	Union	8E	14	Rose Mary Moreland	Rt. 4, Box 586, Buckhannon, WV 26201	305	62	6" Waterline	70'
15	Union	8F	29	Charles R., Jr. and Eugenia F. Hume	Rt. 4 Box 505, Buckhannon, WV 26201	238	55	6" Waterline & PRV Station	25'

ELKINS ROAD PUBLIC SERVICE DISTRICT

Contract No. 3 - Waterline Extension Project

PERMANENT EASEMENTS NEEDED

DWG. NO.	DIST.	TAX MAP	PARCEL NO.	OWNER	ADDRESS	DEED BOOK	PAGE NO.	Type of Easement	Length
1	Union	7H	47.3	Catherine M. and Ralph E. Sexton	Rt. 6, Box 268-A, Buckhannon, WV 26201	406	503	8" Waterline & PRV Station	25'
3	Union	7H	21	Verr M. Hinkle	P.O. Box 2121, Buckhannon, WV 26201	360	629	8" Creek Crossing	45'
4	Union	7H	41	James O. and Naomi G. Given	Route 2, Box 313, Buckhannon, WV 26201	332	318	8" Creek Crossing	50'
4	Union	7H	40	James O. and Naomi G. Given	Route 2, Box 313, Buckhannon, WV 26201	176	266	8" Creek Crossing	40'
4	Washington	7J	65	James O., Mary A. and Naomi G. Given	Route 2, Box 313, Buckhannon, WV 26201	376	533	8" Creek Crossing	35'
5	Washington	7J	48, 48.1	Myrtle Umble	Route 2, Box 303-A, Buckhannon, WV 26201	202	475	2" Waterline in Road	985'
9	Union	6H	57	Donald J. and Maria L. Mriscin	RR 2, Box 80-G, Buckhannon, WV 26201	421	169	6" Creek Crossing	60'
9	Union	6H	92	Howard W. and Sandra D. Smith	Route 2, Box 80, Buckhannon, WV 26201	245	715	6" Creek Crossing	40'
11	Union	7H	101	Barbara Diehl	1422 West Market Street, Orrville, OH 44667-1714	244	715	8" Waterline to Exist. Tank	450' (See Note)
11	Union	7H	102	Mary J. Hamilton	Rt. 2 Box 109E, Buckhannon, WV 26201	WB19	794	8" Waterline to Exist. Tank	200' (See Note)
12,13	Union	8G	10	Woody Lumber Company, Inc.	24 Vicksburg Road, Buckhannon, WV 26201	381	700	8" Waterline	1460'
13	Union	8G	32	Woodrow W. Harris*	4777 Warren Road, Cortland, OH 44410	372	296	8" Waterline	560'
14,17	Union	8G	39	Woody Lumber Company, Inc. (1/2 Interest)	24 Vicksburg Road, Buckhannon, WV 26201			8" Waterline	2190'
				Arnold A. and Sharon D. Walker (1/2 Interest)	Rt. 4 Box 432E, Clarksburg, WV 26301	424	801	8" Waterline	2190'
15	Union	8G	4.1	Bonnie S. Layfeild Derico	HC71, Box 128, Ellamore, WV 26267	368	110	1" Service Line	570'
16	Union	7G	103	Joseph M. Dolan	144 Hall Street, Clarksburg, WV 26301	2	66	6" Creek Crossing	45'
16	Union	8G	2	Woody Lumber Company, Inc.	24 Vicksburg Road, Buckhannon, WV 26201	432	704	2" Waterline	200'
17	Union	8G	66	Russell D. and Diana J. Deuley	HC 71 Box 121, Ellamore, WV 26267	306	276	8" Waterline	30'

Note: New waterline will be installed parallel to existing waterline. PSD may already have an easement for the existing waterline.

***Told Connie Williams, on 5/20/04,that a temporary easement is only required. The waterline will be located in the DOH Right-of-Way.**

Position 5

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

UNITED STATES DEPARTMENT OF AGRICULTURE
RURAL DEVELOPMENT
FARM SERVICE AGENCY

FORM APPROVED
OMB NO. 0575-0147

FINAL TITLE OPINION

LOAN APPLICANT	ADDRESS OR PROPERTY COVERED BY THIS OPINION	
Elkins Road Public Service District	Union and Washington Districts	
APPLICANT FOR TITLE EXAMINATION	COUNTY	STATE
Elkins Road Public Service District	Upshur	West Virginia

I. I have examined title to the property described in the security instrument described in paragraph II. B. below. My examination covered the period from the time of termination of title search covered by my Preliminary Title Opinion on Form RD 1927-9; or the time of recordation of the initial loan security instrument if this opinion covers land already owned by the loan applicant in a subsequent loan case, to December 20, 2004 *(Date)*, at _____ a.m. p.m. (including the time of filing the current security instrument).

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

A. Good and marketable title, in accordance with title examination standards prevailing in the area, to said property (real estate and any water rights offered as security) is now vested in Elkins Road Public Service District, a public corporation and political subdivision of the State of West Virginia

as _____.
(Joint tenants, tenants by the entirety, etc.)

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

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

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

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

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

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

December 20, 2004
(Date)

William C. Thurman *(Attorney's signature)*
Rt. 3 Box 245CC
Buckhannon, WV 26201
(Address, include ZIP Code)

Attachments

Elkins Road PSD
Real Estate Inventory [redacted]

ELKINS ROAD PUBLIC SERVICE DISTRICT
REAL ESTATE INVENTORY
December 15, 2004

1. Jack Hill Tank
   from Hamilton
   Deed Book 305 Page 156 June 1, 1982
   Union District TM 7H - Parcel 102.4
   SUR 10,000 sq. ft. - 0.23 ac

2 Waugerman Hill Tank
   from Hornbeck
   Deed Book 302 Page 637 January 19, 1981
   Union District TM 8J - Parcel 24.3
   SUR 0.23 ac. - 10,000 sq. ft.

3. Booster I Pump Station
   from Osburn
   Deed Book 301 Page 418 December 14, 1981
   Union District TM 8H - Parcel 32.1
   500 sq. ft. - Staunton Pike

4. Waugerman Hill Pump Station
   from LaRosa
   Deed Book 302 Page 642 May 23, 1980
   Union District TM 8J - Parcel 28.1
   SUR 20 X 30 (600 sq. ft.)

5. District Office
   from R. J. Wallace, Trustee
   Deed Book 376 Page 813 November 29, 1993
   Union District TM 7H - Parcel 70.1
   SUR 1.0 ac. - B Sand Run

6. Union Tank
   from Woody Lumber Co.
   Deed Book 404 Page 389 May 13, 1998
   Washington District TM 8K - Parcel 115
   SUR 2,500 sq. ft.

7. Tenney Pump Station
   from Tenney
   Deed Book 404 Page 730 May 13, 1998
   Union District TM 8K - Parcel 20.6
   500 sq. ft. - Middle Fork River

8. Kesling Mill Pump Station
   from Jimmie Woody
   Deed Book 447 Page July 7, 2000
   Union District TM 7F - Parcel 16
   1,396 sq. ft.

9. Fallen Tank site
   from Susan Fallen
   Deed Book 446 Page 640 May 28, 2004
   Union District TM 9G - Parcel 14
   SUR 8,000 sq. ft.

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 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 SECRETARY of the Public Service Board of Elkins Road Public Service District, in Upshur County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, acting for the Issuer and in its name, hereby state and certify on this the 20th day of December, 2004, in connection with the Elkins Road Public Service District Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), No. AR-1, dated the date hereof, fully registered, in the principal amount of $500,000 (the "Series 2004 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 Series 2004 A 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 from the Purchaser, dated July 23, 2002, and all amendments thereto, and as appears in

Section 7.03 of the Resolution of the Issuer duly adopted on December 16, 2004, and the Supplemental Resolution duly adopted on December 16, 2004, authorizing issuance of the Series 2004 A Bonds (collectively, the "Resolution" or "Bond Resolution"). All capitalized terms used herein and not otherwise defined herein shall have the same meaning as defined in the Bond Resolution when used herein. The Series 2004 A Bonds are being issued on this date to finance a portion of the cost of the acquisition and construction of the Project, herein defined and described, 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 Series 2004 A Bonds or receipt of any grant moneys, if any, committed for the System, hereinafter defined; nor questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Series 2004 A Bonds; nor in any way questioning or affecting the validity of the grants, if any, committed for the System or the validity of the Series 2004 A Bonds or any provisions made or authorized for the payment thereof, including, without limitation, the pledge or application of any moneys 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 Series 2004 A 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 Series 2004 A 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 Official West Virginia Code of 1931, as amended, which bids remain in full force and effect.

The Issuer has received the Final Order and Commission Order of the Public Service Commission of West Virginia entered on July 26, 2004, and December 13, 2004, respectively, in Case No. 04-0296-PWD-CN, granting to the Issuer a certificate of public convenience and necessity for the Project and approving the financing for the Project. The time for appeal of the Recommended Decision which became final on July 26, 2004, has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order of December 13, 2004 has not expired on the date hereof. The Issuer hereby certifies that it will not appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervenor or other person not a party to such Order. Such Orders remain in full force and effect.

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

There are outstanding obligations of the Issuer which will rank on a parity with the Series 2004 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's (1) Water Revenue Bonds, Series 1979, dated September 23, 1980, issued in the original aggregate principal amount of $360,000 and currently held by the Rural Utilities Service, United States Department of Agriculture (the "Series 1979 Bonds"); (2) Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated September 10, 1998, issued in the original aggregate principal amount of $2,032,000 and currently held by the West Virginia Water Development Authority (the "Series 1998 A Bonds"); and (3) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 20, 2004, issued concurrently herewith in the original aggregate principal amount of $1,509,788 and held by the West Virginia Water Development Authority. The Series 1979 Bonds and the Series 1998 A Bonds are hereinafter referred to from time to time as the "Prior Bonds." Other than the Prior Bonds and the Series 2004 B Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2004 A Bonds as to liens, pledge and/or service 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 hereof, officially execute and seal the Series 2004 A 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 or appointed (as applicable), qualified and serving officers as indicated by the official titles opposite their signatures below, and are duly authorized to execute and seal the Series 2004 A 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 or changed in any way unless modification appears from later documents also listed below:

Bond Resolution

Supplemental Resolution

1979 Bond Resolution

1998 A Bond Resolution

Consent of WDA to Issuance of Parity Bonds

Consent of USDA to Issuance of Parity Bonds

USDA Letter of Conditions, with all amendments

Infrastructure Council Loan Agreement for Series 2004 B Bonds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation of District

County Commission Orders Appointing Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Affidavit of Publication on Borrowing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Affidavit of Publication on Notice of Meeting to Adopt Bond Resolution

NPDES Permit

United States Department of Agriculture Loan Agreement

Evidence of United States Department of Agriculture Grant

Evidence of Infrastructure Council Grant

Evidence of Small Cities Block Grant

Environmental Health Services Permit

Evidence of Insurance

Water Purchase Agreement with City of Buckhannon

7. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Elkins Road Public Service District" and its principal office and place of business are in Upshur 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:

Name	Date of Commencement of Office	Date of Termination of Office
Leonard DeRico	10/1/2004	09/30/2010
Carey A. Wagner	10/1/2000	09/30/2006
Darren Dean	10/1/2002	09/30/2008

The names of the duly elected, appointed, qualified and acting officers of said Public Service Board of said Issuer for the calendar year 2004 are as follows:

Chairman	-	Leonard DeRico
Secretary/Treasurer	-	Carey A. Wagner

The duly appointed and acting Attorney for the Issuer is William C. Thurman, Esquire, Buckhannon, West Virginia.

8. DELIVERY AND PAYMENT AND USE OF PROCEEDS: On the date hereof, the Series 2004 A Bonds were delivered to the Purchaser at Buckhannon, West Virginia, by the undersigned Chairman for the purposes set forth herein, and at the time of such delivery, the Series 2004 A Bonds have been duly and fully executed and sealed on behalf of the Issuer in accordance with the Resolution.

At the time of delivery of the Series 2004 A Bonds, the undersigned Chairman received $8,000, being a portion of the principal amount of the Series 2004 A Bonds. Further advances of the balance of the principal amount of the Series 2004 A Bonds will be paid to the Issuer as acquisition and construction of the Project progresses.

The Series 2004 A Bonds are dated the date hereof, and interest on advances of the principal thereof at the rate of 4.50% per annum is payable from the date of each respective advance.

The Series 2004 A 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 Series 2004 A 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 official West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed (as applicable), qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

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 and Commitment of the Purchaser, as amended, and the Resolution.

12. CONNECTIONS, ETC.: The Issuer will serve at least 955 bona fide users with the System upon the completion of the Project, 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 the Purchaser.

14. GRANTS: As of the date hereof, the grant from the United States Department of Agriculture in the amount of $1,728,000, the grant from the West Virginia

Infrastructure and Jobs Development Council in the amount of $1,050,000 and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of $1,500,000 are committed and in full force and effect.

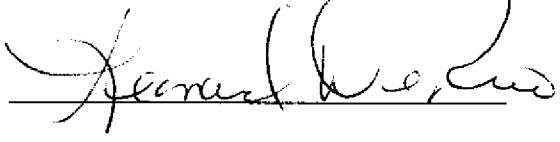
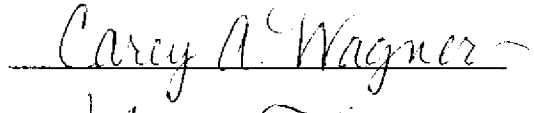
15. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2004 A 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.

WITNESS our signatures and the official corporate seal of ELKINS ROAD PUBLIC SERVICE DISTRICT on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Attorney for Issuer

05/05/04
255510.00001

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 B (West Virginia Infrastructure Fund)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

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

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Elkins Road Public Service District in Upshur County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify, on this the 20th day of December, 2004, in connection with the Issuer's Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated the date hereof (the "Series 2004 B Bonds" or the "Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond

Resolution of the Issuer duly adopted December 16, 2004, and the Supplemental Resolution duly adopted December 16, 2004 (collectively, the "Bond Legislation").

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

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are outstanding bonds of the Issuer which will rank on a parity with the Series 2004 B Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's (1) Water Revenue Bonds, Series 1979, dated September 23, 1980, issued in the original aggregate principal amount of $360,000 and currently held by the Rural Utilities Service, United States Department of Agriculture (the "Series 1979 Bonds"); (2) Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund), dated September 10, 1998, issued in the original aggregate principal amount of $2,032,000 and currently held by the West Virginia Water Development Authority (the "Series 1998 A Bonds"); and (3) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture), dated December 20, 2004, issued concurrently herewith in the original aggregate principal amount of $500,000 and held by the Rural Utilities Service, United States Department of Agriculture. The Series 1979 Bonds and the Series 1998 A Bonds shall be referred to herein from time to time as the "Prior Bonds."

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consent of the Holders of the Prior Bonds to the issuance of the Series 2004 B Bonds on a parity with the Prior Bonds. Other than the Prior Bonds and the Series 2004 A Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

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

Bond Resolution

Supplemental Resolution

1979 Bond Resolution

1998 A Bond Resolution

Consent of WDA to Issuance of Parity Bonds

Consent of USDA to Issuance of Parity Bonds

USDA Letter of Conditions, with all amendments

Infrastructure Council Loan Agreement for Series 2004 B Bonds

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation and Enlargement of District

County Commission Orders Appointing Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Affidavit of Publication on Borrowing and Adoption of Bond Resolution

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution, Supplemental Resolution and Rules of Procedure

Bureau for Public Health Permit

United States Department of Agriculture Loan Resolution

United States Department of Agriculture Grant Agreement

Infrastructure Council Grant Agreement

Evidence of Small Cities Block Grant

Evidence of Insurance

Water Purchase Agreement with City of Buckhannon, WV

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

Name	Date of Commencement of Office	Date of Termination of Office
Leonard DeRico	10/01/2004	09/30/2010
Carey A. Wagner	10/01/2000	09/30/2006
Darren Dean	10/01/2002	09/30/2008

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2004 are as follows:

Chairman	-	Leonard DeRico
Secretary/Treasurer	-	Carey A. Wagner

The duly appointed and acting counsel to the Issuer is William C. Thurman, Esquire in Buckhannon, West Virginia.

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

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

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

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

which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with the Loan Agreement.

11. RATES: The Issuer has received the Commission Order of the Public Service Commission of West Virginia entered on December 13, 2004, in Case No. 04-0296-PWD-CN, approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of the Commission Order has not expired on the date hereof. The Issuer hereby certifies that it will not appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervener or other person not a party to such Order. Such Order remains in full force and effect.

12. PUBLIC SERVICE COMMISSION ORDER: The Issuer has received the Recommended Decision and Commission Order of the Public Service Commission of West Virginia entered on July 26, 2004 and December 13, 2004, respectively, in Case No. 04-0296-PWD-CN, among other things, 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 charge of the System. The time for appeal of the Recommended Decision which became final on July 26, 2004, has expired prior to the date hereof without any appeal. The time for appeal of the Commission Order of December 13, 2004 has not expired on the date hereof. The Issuer hereby certifies that it will not appeal such Order and the other parties to such Order have stated that they do not intend to appeal such Order. Such Order is not subject to any appeal, further hearing, reopening or rehearing by any customer, protestant, intervener or other person not a party to such Order. Such Orders remain in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bonds and to be attested by his or her manual signature, and the Registrar did officially authenticate and deliver the Bonds to a representative of the Authority as the original purchaser of the Bonds under the Loan Agreement. Said official seal of the Issuer is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received $65,661 from the Authority and the Council, being a portion of the principal amount of the Series 2004 B Bonds. The balance of the principal amount of the Series 2004 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

15. PUBLICATION OF NOTICE OF BORROWING AND PSC FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges, the issuance of the Bonds and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia, in accordance with Chapter 16, Article 13A, Section 25 of the Official West Virginia Code of 1931, as amended.

16. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

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

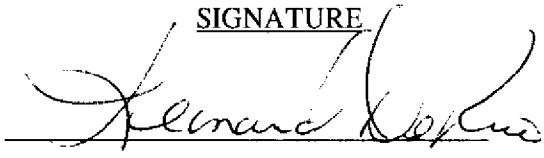
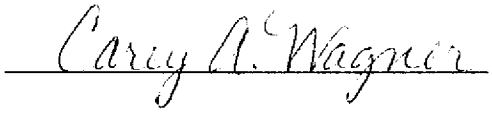
18. GRANTS: As of the date hereof, the grant from the United States Department of Agriculture in the amount of $1,728,000, the grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $1,050,000, and the grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia) in the amount of $1,500,000 are committed and in full force and effect.

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

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

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

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to the Issuer

12/09/04
255510.00001

Chapman
Technical
Group

Engineers
Architects
Interior Designers
Landscape Architects

200 Sixth Avenue
St. Albans, West Virginia
25177
Telephone
(304) 727-5501
Telefax
(304) 727-5580
Website Address
www.chaptech.com

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture) and
Series 2004 B (West Virginia Infrastructure Fund)

CERTIFICATE OF ENGINEER

I, Robert G. Belcher, Registered Professional Engineer, West Virginia License No. 13093, of Chapman Technical Group, Ltd., St. Albans, West Virginia, hereby certify as follows:

1. My firm is engineer for the acquisition and construction of certain additions, improvements and extensions (the "Project") to the existing waterworks system (the "System") of Elkins Road Public Service District (the "Issuer") to be constructed primarily in Upshur County, West Virginia, which acquisition and construction are being financed in part by the proceeds of the above-captioned bonds (collectively, the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on December 16, 2004, as supplemented by the Supplemental Resolution adopted by the Issuer on December 16, 2004, the Letter of Conditions of the Rural Utilities Service (the "RUS") for the Series 2004 A Bonds, dated July 23, 2002, as amended (the "Letter of Conditions'), and the Loan Agreement for the Series 2004 B Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), dated December 20, 2004 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) paying a portion of the costs of acquisition and construction of the Project; and (ii) paying costs of issuance and related costs.

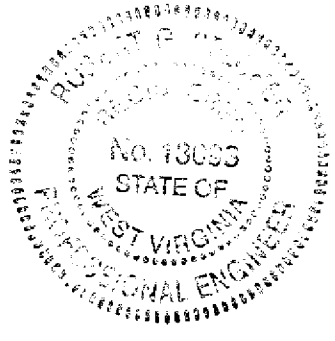
3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by RUS, the Authority and the Council, and any change orders approved by the Issuer, RUS, the Council, the Authority, and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least forty years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, William C. Thurman, Esquire, will, prior to the Issuer executing the construction contracts for the Project, ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (iv) the successful bidders received any and all addenda to the original

bid documents; (v) the bid documents relating to the Project reflect the Project as approved by the Council and the bid forms provided to the bidders contain all critical operational components of the Project; (vi) the successful bids include prices for every item on such bid forms; (vii) the uniform bid procedures were followed; (viii) the Issuer has obtained all permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (ix) in reliance upon the certificate of the Issuer's certified public accountant, John Burdette & Associates, CPA's, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Letter of Conditions and the Loan Agreement; (x) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by RUS, the Authority and the Council; and (xi) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this 20th day of December, 2004.

CHAPMAN TECHNICAL GROUP, LTD.

(SEAL)



Robert G. Belcher, P. E.
West Virginia License No. 13093

05/05/04
255510.00001

Schedule B- Final Total Cost of Project,
Sources of Funds and Cost of Financing

ELKINS ROAD PSD WSI PROJECT
SCHEDULE B
CASE NO.04-0296-PWD-CN

A COST OF PROJECT	TOTAL	IJDC LOAN / GRANT	RUS LOAN	RUS GRANT	SCBG
1 Construction					
Contract 1	1,639,845.00		100,000.00	956,845.00	583,000.00
Contract 2	1,486,710.00		347,000.00	556,710.00	583,000.00
Contract 3	1,588,958.00	1,564,663.00		24,295.00	
Contract 4	407,875.00	407,875.00			
Contract 5	83,410.00	83,410.00			
2 Technical Services (Chapman Technical)					
a. Basic Services	330,000.00	73,760.00			256,240.00
b. Construction Observation	180,000.00	180,000.00			
c Additional Services	65,000.00	57,240.00			7,760.00
3 Legal & Fiscal					
a. Legal (Thurman)	40,000.00	40,000.00			
b. Accounting (Burdette)	3,000.00	3,000.00			
4 Administrative (Region 7)	100,000.00	30,000.00			70,000.00
5 Sites & Other Lands					
a Land Acquisition / ROW	5,000.00	5,000.00			
6 Miscellaneous					
7 Construction Contingency (5%)	260,340.00	106,340.00		154,000.00	
8 Project Contingency (5%)	36,150.00			36,150.00	
9 TOTAL of Lines 1 through 8	6,226,288.00	2,551,288.00	447,000.00	1,728,000.00	1,500,000.00
B COST OF FINANCING					
10 Capitalized Interest	45,000.00		45,000.00		
11 Other Costs					
a. Registrar fees	500.00	500.00			
b Bond Counsel (Steptoe & Johnson)	16,000.00	8,000.00	8,000.00		
12 Cost of Issuance	61,500.00	8,500.00	53,000.00	0.00	0.00
13 TOTAL PROJECT COST line 9 plus line 12	6,287,788.00	2,559,788.00	500,000.00	1,728,000.00	1,500,000.00

C SOURCES OF OTHER FUNDS					
14 Federal Grants					
15 State Grants (IJDC)	1,050,000.00	1,050,000.00			
16 Other Grants (RUS)	1,728,000.00			1,728,000.00	
17 SCBG	1,500,000.00				1,500,000.00
18 TOTAL GRANTS Lines 14 through 17	4,278,000.00	1,050,000.00		1,728,000.00	1,500,000.00
19 Size of Bond Issue	2,009,788.00	1,509,788.00	500,000.00	0.00	0.00

Signature of Authorized Representative

Date: 12-8-04

Signature of Consulting Engineer

Date: 12/14/04

JOHN BURDETTE & ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 418 • BUCKHANNON, WV 26201 • (304) 472-3600 • FAX (304) 472-3601

December 20, 2004

Elkins Road Public Service District
Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture) and
Series 2004 B (West Virginia Infrastructure Fund)

Elkins Road Public Service District
Buckhannon, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

West Virginia Infrastructure and Jobs
Development Council
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Commission Order of the Public Service Commission of West Virginia in Case No. 04-0296 PWD-CN, entered December 13, 2004, and projected operating expenses and anticipated customer usage as furnished to us by Chapman Technical Group, Ltd., Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of Elkins Road Public Service District (the "Issuer"), will provide for all Operating Expenses of the System and will 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 (i) Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) (the "Series 2004 A Bonds") to be issued in the amount of $500,000; (ii) Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund) (the "Series 2004 B Bonds") to be issued in the amount of $1,509,788; and (iii) all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2004 A Bonds and Series 2004 B Bonds, including the Issuer's Water Revenue Bonds, Series 1979 (United States Department of Agriculture), and Water Revenue Bonds, Series 1998 A (West Virginia Infrastructure Fund) (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2004 A Bonds and Series 2004 B Bonds are issues will be at least 120% of the average annual debt service requirements on the Series 2004 A Bonds and Series 2004 B Bonds and the Prior Bonds and that (ii) the Net Revenues actually derived from the System during 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2004 A Bonds and Series 2004 B Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2004 A Bonds and Series 2004 B Bonds, will not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the Prior Bonds, the Series 2004 A Bonds, and the Series 2004 B Bonds.

Very truly yours,

John P. Burdette

Buckhannon, West Virginia
December 20, 2004

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 B
(West Virginia Infrastructure Fund)

CERTIFICATE AS TO USE OF PROCEEDS

On this 20th day of December, 2004, the undersigned Chairman of the Public Service Board of Elkins Road Public Service District in Upshur County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,509,788 Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 20, 2004 (the "Series 2004 B Bonds" or the "Bonds"), hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on December 16, 2004 (the "Bond Resolution"), authorizing the Bonds.

2. This certificate may be relied upon as the certificate of the Issuer.

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on December 20, 2004, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal amount of the Series 2004 B Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority") or the West Virginia Infrastructure and Jobs Development Council (the "Council"), as the case may be, from which the proceeds of the Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2004 B Bonds were sold on December 20, 2004, to the Authority, pursuant to a loan agreement dated December 20, 2004, by and between the Issuer and the Authority, on behalf of the Council, for an aggregate purchase price of $1,509,788 (100% of par), at which time, the Issuer received $65,661 from the Authority and the Council, being the first advance of the principal amount of the Series 2004 B Bonds. No accrued interest has been or will be paid on the Series 2004 B Bonds. The balance of the principal amount of the Series 2004 B Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2004 B Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain improvements and extensions to the existing public waterworks facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Series 2004 B Bonds and related costs.

On the date hereof, the Issuer has simultaneously issued its Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) in the aggregate principal amount of $500,000 (the "Series 2004 A Bonds"), to pay a portion of the costs of the Project.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Series 2004 B Bonds on the Project, constituting a substantial binding commitment. The acquisition and construction of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds deposited in the Reserve Account for the Bonds, if any, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before March 20, 2006. The acquisition and construction of the Project is expected to be completed by December 20, 2005.

8. The total cost of the Project is estimated at $6,287,788. Sources and uses of funds for the Project are as follows:

SOURCES

Proceeds of the Series 2004 A Bonds	$ 500,000
Proceeds of the Series 2004 B Bonds	$1,509,788
Small Cities Block Grant	$1,500,000
West Virginia Infrastructure Fund Grant	$1,050,000
United States Department of Agriculture Grant	$1,728,000
Total Sources	$6,287,788

USES

Costs of Acquisition and Construction of the Project	$ 6,271,288
Costs of Issuance	$ 16,500
Total Uses	$ 6,287,788

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2004 B Bonds:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2004 Bonds Construction Trust Fund;

(4) Series 2004 B Bonds Sinking Fund; and

(5) Series 2004 B Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Series 2004 B Bonds will be deposited as follows:

(1) Series 2004 B Bonds proceeds in the amount of $-0- will be deposited in the Series 2004 B Bonds Reserve Account.

(2) The balance of the proceeds of the Series 2004 B Bonds will be deposited in the Series 2004 Bonds Construction Trust Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2004 B Bonds and related costs.

11. Moneys held in the Series 2004 B Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2004 B Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on moneys in the Series 2004 B Bonds Sinking Fund and Series 2004 B Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2004 Bonds Construction Trust Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 12 months of the date hereof.

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

14. With the exception of the amount deposited in the Series 2004 B Bonds Reserve Account, if any, all of the proceeds of the Bonds will be expended on the Project within 15 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Bonds.

16. The amount designated as costs of issuance of the Bonds consists only of costs which are directly related to and necessary for the issuance of the Bonds.

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

18. No proceeds of the Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

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

20. The Issuer shall use the Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental or public purpose bonds.

23. The Issuer has either (a) funded the Series 2004 B Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds, or (b) created the Series 2004 B Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2004 B Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year.

Moneys in the Series 2004 B Bonds Reserve Account and the Series 2004 B Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay costs of the Project.

24. Other than the Series 2004 A Bonds, there are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

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

WITNESS my signature on the date first written above.

ELKINS ROAD PUBLIC SERVICE DISTRICT

Chairman

12/09/04
255510.00001

AN ORDER PROPOSING THE CREATION OF A PUBLIC SERVICE DISTRICT WITHIN UPSHUR COUNTY, WEST VIRGINIA, AND RANDOLPH COUNTY, WEST VIRGINIA; FIXING A DATE OF HEARING ON THE CREATION OF SAID PUBLIC SERVICE DISTRICT; AND, PROVIDING FOR THE PUBLICATION OF A NOTICE OF SUCH HEARING.

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code, the County Commission of Upshur County, West Virginia, upon its own motion, does hereby propose the creation of a public service district within Upshur County, West Virginia, and Randolph County, West Virginia; and,

WHEREAS, pursuant to said provisions of the West Virginia Code, this County Commission is required to fix a date of hearing in said County on the creation of the proposed public service district:

NOW, THEREFORE, Be It and It Is Hereby Ordered by the County Commission of Upshur County, West Virginia, as follows:

Section 1. That the County Commission of Upshur County, West Virginia, does set forth the following provisions:

(a) The name and corporate title of said public service district shall be the "Elkins Road Public Service District".

(b) The larger portion of the territory to be embraced in said public service district is situate in Upshur County, West Virginia, and the minor portion of the territory to be embraced in said public service district extends into Randolph County, West Virginia, being more fully described as follows: Beginning at a point in the center of West Virginia Routes 4 and 33 at a point approximately 100 feet east of the center line of the entrance to the Anderegg Estates Sub-Division and running thence with scaled and calculated lines as follows: N. 7° 04' E. 1000.0 feet, N. 14° 07 E. 1000.0 feet, N. 23° 18' W. 1300.0 feet, N. 62° 45' E. 800.0 feet, N. 84° 16' E. 1000.0 feet, N. 68° 33' E. 1000.0 feet, N. 67° 37' E. 1300.0 feet, N. 89° 55' E. 11,000.0 feet, S. 7° 43' E. 3500.0 feet, S. 79° 30' W. 1000.0 feet, S. 50° 45' W. 7000.0 feet, S. 45° 00' E. 3000.0 feet, S. 70° 30' E. 3500.0 feet, S. 77° 45' E. 3800.0 feet, S. 75° 43' E. 7000.0 feet,

S. 68° 40' E. 5000.0 feet, S. 20° 45' E. 6800.0 feet, S. 33° 17' E. 3000.0 feet crossing the Middle Fork River at approximately 200 feet northeast of the Midvale bridge to a point in Randolph County, West Virginia; thence S. 49° 30' W. 3000.0 feet, S. 56° 35' E. 3000.0 feet, N. 82° 30' E. 2500.0 feet, S. 37° 15' E. 1000.0 feet, S. 71° 34' W. 4000.0 feet, S. 30° 36' W. 1000.0 feet crossing United States Route 33 at approximately 820 feet to another point in said Randolph County; thence N. 63° 29' W. 1000.0 feet, re-crossing the Middle Fork River at approximately 500 feet to a point in Upshur County; thence N. 2° 20' E. 2000.0 feet, N. 81° 45' W. 2300.0 feet, S. 40° 20' W. 3000.0 feet, S. 30° 30' E. 2500.0 feet, S. 63° 41' W. 1000.0 feet, N. 44° 00' W. 2500.0 feet, N.81° 00' W. 2500.0 feet, N. 89° 40' W. 2500.0 feet, N. 17° 10' W. 2500.0 feet, N. 2° 25' W. 6500.0 feet, N. 69° 12' W. 5000.0 feet, N. 16° 45' W. 4000.0 feet, N. 75° 24' W. 5000.0 feet, N. 44° 47' W. 4000.0 feet, N. 4° 55' W. 4000.0 feet, N. 84° 42' W. 3000.0 feet, S. 21° 04' W. 3000.0 feet, N. 74° 13' W. 1000.0 feet, N. 23° 45' E. 3500.0 feet, N. 31° 24' W. 2000.0 feet, N. 73° 56' W. 1655.0 feet to a point in the Anderegg Estates Sub-Division near the Village of Deanville, Upshur County, West Virginia, and thence N. 7° 04' E. 500 feet to the place of beginning, containing 8,625.2 acres of which 213.2 acres lies in Roaring Creek District of Randolph County, West Virginia, and includes the portion of Ellamore and Midvale which are in said Randolph County, West Virginia, and 8,412 acres of Union District of Upshur County, West Virginia, all of which were determined and calculated by Dean Engineering Company of Buckhannon, West Virginia, by Paul G. Dean, R.P.C.E. #1856, in August, 1976.

(c) The purpose of said public service district shall be to construct or acquire by purchase or otherwise, and maintain, operate, improve and extend properties supplying water services within such territory and also outside such territory to the extent permitted by law.

(d) The territory described above does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the West Virginia Code, nor does such territory include within its limits any city, incorporated town or other municipal corporation.

Section 2. That on the 5 day of Oct., 1976, at the hour of 7:30 o'clock P m., this County Commission shall meet in the Old Excelsior School in Excelsior, West Virginia, for the purpose of conducting a public hearing on the creation of the proposed public service district, at which time and place, all persons residing in or owning or having any interest in property in the proposed public service district may appear before this County Commission and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, this County Commission shall consider and determine the feasibility of the creation of the proposed public service district.

Section 3. That the Clerk of this County Commission is hereby authorized and directed to cause notice of such hearing in substantially the form hereinbefore set forth to be published on the 16 day of Sept, 1976, in the Buckhannon Record and in The Republican-Delta, both newspapersof general circulation published in Upshur County, West Virginia.

Section 4. That the Clerk of this County Commission is hereby authorized and directed to notify the County Commission of Randolph County, West Virginia, and the Clerk thereof of the date of hearing so fixed herein.

APPROVED

SEP 9 1976

PRESIDENT

Ordered that this Commission do adjourn until Thursday, September 16th, 1976.

President

TUESDAY, SEPTEMBER THIRTEENTH 1976

STATE OF WEST VIRIGNIA,

RANDOLPH COUNTY COMMISSION, TO-WIT:

At a Regular Session of the County Commission held in and for the aforesaid County and State, at the Court House thereof, on Tuesdays September 13, 1976.

IN RE - - - CREATION OF A PUBLIC SERVICE DISTRICT KNOWN AS THE !ELKINS ROAD PUBLIC SERVICE DISTRICT.

This day, Norman Farley, Attorney At Law, Buckhannon, West Virginia, filed a petition before the Honorable County Commission of Randolph County, for a creation of a Public Service District to be known and designated as the "Elkins Road Public Service District." Court approved said Petition, hearing to held October 5, 1976, at 7:30 P. M. at the Old Excelsior Building in Excelsior, West Virginia.

Attest: Fred S. Poling, President

State of West Virginia,
Randolph County, to wit:

I, Virgil Hamrick, Clerk of the County Commission held in and for the aforesaid County and State, the same being a Court of Record and having an Official Seal, do hereby certify that the foregoing is a true and correct copy from Fiduciary Order Records of my office. AND I DO FURTHER CERTIFY that under the laws of the State of West Virginia, I am the legal custodian of said records.

Given under my hand and the Official Seal of my office, in my office, in the City of Elkins, Randolph County, West Virginia, this the 5th day of October, 1977.

Virgil Hamrick
CLERK

State of West Virginia, County of Randolph, ss.

LEGAL NOTICE

NOTICE OF PUBLIC HEARING

On the 5th day of October, 1976, at 7:30 o'clock p.m., the County Commission of Upshur County, West Virginia, shall meet in the Old Excelsior School, in Excelsior, West Virginia, for the purpose of conducting a public hearing on the creation of a proposed public service district, to be known as the Elkins Road Public Service District, at which time and place, all persons residing in or owning or having any interest in property in the proposed public service district may appear before the Upshur County Commission and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, the Upshur County Commission shall consider and determine the feasibility of the creation of said proposed Public Service District.

The territory to be embraced in said Public Service District shall be as follows:

Beginning at a point in the center of West Virginia Routes 4 and 33 at a point approximately 100 feet east of the center line of the entrance to the Anderegg Estates Sub-Division and running thence with scaled and calculated lines as follows: N 7 degrees 04' E. 1000.0 feet, N. 14 degrees 07 E. 1000.0 feet, N. 23 degrees 18' W. 1300.0 feet, N. 62 degrees 45' E. 800.0 feet, N. 84 degrees 14' E. 1000.0 feet, N. 68 degrees 33' E. 1000.0 feet, N. 67 degrees 37' E. 1300.0 feet, N. 89 degrees 55' E. 11,000.0 feet, S. 7 degrees 43' E. 3500.0 feet, S. 79 degrees 30' W. 1000.0 feet, S. 50 degrees 45' W. 7000.0 feet, S. 45 degrees 00' E. 3000.0 feet, S. 70 degrees 30' E. 3500.0 feet, S. 77 degrees 45' E. 3800.0 feet, S. 75 degrees 43' E. 7000.0 feet, S. 68 degrees 40' E. 5000.0 feet, S. 20 degrees 45' E. 6800.0 feet, S. 33 degrees 17' E. 3000.0 feet crossing the Middle Fork River at approximately 200 feet northeast of the Midvale bridge to a point in Randolph County, West Virginia; thence S. 49 degrees 30' W. 3000.0 feet, S. 56 degrees 35' E. 3000.0 feet, N. 82 degrees 30' E. 2500.0 feet, S. 37 degrees 15' E. 1000.0 feet, S. 71 degrees 34' W. 4000.0 feet, S. 30 degrees 36' W. 1000.0 feet crossing United States Route 33 at approximately 820 feet to another point in said Randolph County; thence N. 63 degrees 29' W. 1000.0 feet, re-crossing the Middle Fork River at approximately 500 feet to a point in Upshur County; thence N. 2 degrees 20' E. 2000.0 feet, N. 81 degrees 45' W. 2300.0 feet, S. 40 degrees 20' W. 3000.0 feet, S. 30 degrees 30' E. 2500.0 feet, S. 6 degrees 41' W. 1000.0 feet, N. 44 degrees 00' W. 2500.0 feet, N. 81 degrees 00' W. 2500.0 feet, N. 89 degrees 40' W. 2500.0 feet, N. 17 degrees 10' W. 2500.0 feet, N. 2 degrees 25' W. 6500.0 feet, N. 69 degrees 12' W. 5000.0 feet, N. 16 degrees 45' W. 4000.0 feet, N. 75 degrees 24' W. 5000.0 feet, N. 44 degrees 47' W. 4000.0 feet, N. 4 degrees 35' W. 4000.0 feet, N. 84 degrees 42' W. 3000.0 feet, S. 21 degrees 04' W. 3000.0 feet, N. 74 degrees 13' W. 1000.0 feet, N. 23 degrees 45' E. 3500.0 feet, N. 31 degrees 24' W. 2000.0 feet, N. 73 degrees 56' W. 1655.0 feet to a point in the Anderegg Estates Subdivision near the Village of Deanville, Upshur County, West Virginia, and thence N. 7 degrees 04' E. 500 feet to the place of beginning, containing 8,625.2 acres of which 213.2 acres lies in Roaring Creek District of Randolph County, West Virginia, and includes the portion of Ellamore and Midvale which are in said Randolph County, West Virginia, and 8.412 acres of Union District of Upshur County, West Virginia, all of which were determined and calculated by Dean Engineering Company of Buckhannon, West Virginia, by Paul G. Dean, R.P.C.E. No. 1856, in August, 1976.

Virginia K. Murray, Clerk
Upshur County Commission

9—17.

I, Charles R. Olson, Publisher of THE INTER-MOUNTAIN, a newspaper published at Elkins, in said county, do hereby certify that the annexed advertisement was published on the following dates:

September 17 ---------- ---------- ----------

19 76 as required by law.

Given under my hand this 25 day of August 19 77

Charles R. Olson
Publisher

Printer's Fee: $ 28 65

me this 25 day of August, 19 77

mission Expires Apr. 20, 1982
Notary Public

-- day of ----------, 19------

State of West Virginia, County of Upshur, ss:

.....Wally G. Donaldson.....Advertising Manager
Record Delta, a newspaper published at Buckhannon in the said county, do hereby certify that the annexed .....Notice of Public Hearing.
.....
.....
was published once a week for .....1.....successive weeks in said Record Delta newspaper published as aforesaid, commencing on the ...16th.... .....day of Sept. ~~day of~~ 19.76.....

Given under my hand this .31st day of May ~~day of~~ 1979.....
.....Wally G. Donaldson.....Advertising Manager

Printers fee $.....

WEST VIRGINIA, UPSHUR COUNTY, TO-WIT:

Subscribed and sworn to before me this .31..st day of May ~~day of~~ 1979.....
.....Linda Carley.....Notary Public.

My Commission expires ..... February 21, 1989.....

NOTICE OF PUBLIC HEARING

On the 5th day of October, 1976, at 7:30 o'clock p.m., the County Commission of Upshur County, West Virginia, shall meet in the Old Excelsior School in Excelsior, West Virginia, for the purpose of conducting a public hearing on the creation of a proposed public service district, to be known as the Elkins Road Public Service District, at which time and place, all persons residing in or owning or having any interest in property in the proposed public service district may appear before the Upshur County Commission and shall be given an opportunity to be heard for and against the creation of said district, and at such hearing, the Upshur County Commission shall consider and determine the feasibility of the creation of said proposed Public Service District.

The territory to be embraced in said Public Service District shall be, as follows:

Beginning at a point in the center of West Virginia Routes 4 and 33 at a point approximately 100 feet east of the center line of the entrance to the Anderegg Estates Sub-Division and running thence with scaled and calculated lines as follows: N 7° 04' E. 1000.0 feet, N. 14° 07 E. 1000.0 feet, N. 23° 18' W. 1300.0 feet, N. 62° 45' E. 800.0 feet, N. 84° 16' E. 1000.0 feet, N. 68° 33' E. 1000.0 feet, N. 67° 37' E. 1300.0 feet, N. 89° 55' E. 11,000.0 feet, S. 7° 43' E. 3500.0 feet, S. 79° 30' W. 1000.0 feet, S. 50° 45' W. 7000.0 feet, S. 45° 00' E. 3000.0 feet, S. 70° 30' E. 3500.0 feet, S. 77° 45' E. 3800.0 feet, S. 75° 43' E. 7000.0 feet, S. 68° 40' E. 5000.0 feet, S. 20° 45' E. 6800.0 feet, S. 33° 17' E. 3000.0 feet crossing the Middle Fork River at approximately 200 feet northeast of the Midvale bridge to a point in Randolph County, West Virginia; thence S. 49° 30' W. 3000.0 feet, S. 56° 35' E. 3000.0 feet, N. 82° 30' E. 2500.0 feet, S. 37° 15' E. 1000.0 feet, S. 71° 34' W. 4000.0 feet, S. 30° 36' W. 1000.0 feet crossing United States Route 33 at approximately 820 feet to another point in said Randolph County; thence N. 63° 29' W. 1000.0 feet, re-crossing the Middle Fork River at approximately 500 feet to a point in Upshur County; thence N. 2° 20' E. 2000.0 feet, N. 81° 45' W. 2300.0 feet, S. 40° 20' W. 3000.0 feet, S. 30° 30' E. 2500.0 feet, S. 63° 41' W. 1000.0 feet, N. 44° 00' W. 2500.0 feet, N. 81° 00' W. 2500.0 feet, N. 89° 40' W. 2500.0 feet, N. 17° 10' W. 2500.0 feet, N. 2° 25' W. 6500.0 feet, N. 69° 12' W. 5000.0 feet, N. 16° 45' W. 4000.0 feet, N. 75° 24' W. 5000.0 feet, N. 44° 47' W. 4000.0 feet, N. 4° 55' W. 4000.0 feet, N. 84° 42' W. 3000.0 feet, S. 21° 04' W. 3000.0 feet, N. 74° 13' W. 1000.0 feet, N. 23° 45' E. 3500.0 feet, N. 31° 24' W. 2000.0 feet, N. 73° 56' W. 1655.0 feet to a point in the Anderegg Estates Subdivision near the Village of Deanville, Upshur County, West Virginia, and thence N. 7° 04' E. 500 feet to the place of beginning, containing 8,625.2 acres of which 213.2 acres lies in Roaring Creek District of Randolph County, West Virginia, and includes the portion of Ellamore and Midvale which are in said Randolph County, West Virginia, and 8,412 acres of Union District of Upshur County, West Virginia, all of which were determined and calculated by Dean Engineering Company of Buckhannon, West Virginia, by Paul G. Dean, R.P.C.E. No. 1856, in August, 1976.

Virginia K. Murray, Clerk
Upshur County Commission
9/16c

AFFIDAVIT OF FACT

STATE OF WEST VIRGINIA,

COUNTY OF UPSHUR, to-wit:

Sandra W. Kesling, being first duly sworn, deposes and states upon her oath as follows:

My name is Sandra W. Kesling and I reside at Route 2, Box 200, Buckhannon, Upshur County, West Virginia.

I posted a true copy of the attached Notice of Public Hearing in each of the following seven (7) conspicuous places situate in the proposed Elkins Road Public Service District, all of which said Notices were posted at least ten (10) days prior to October 5, 1976, the date of a hearing before the County Commission of Upshur County, West Virginia, which said Notices contained the same information as was contained in the Notice of such public hearing which was published as required by statute:

Place	Date
United States Post Office at Ellamore	September 21, 1976
Watts Service Station	September 21, 1976
Moss's Used Cars	September 21, 1976
L. L. Moss Used Auto Parts Garage	September 21, 1976
Dave's Place	September 22, 1976
Bailey's Grocery	September 22, 1976
Talbott's Auto Sales	September 22, 1976

And further affiant saith not.

Sandra W. Kesling

Sandra W. Kesling

Taken, subscribed, sworn to and acknowledged before the undersigned Notary Public by Sandra W. Kesling this 7th day of June, 1979.

My commission expires: the 5th day of February, 1986.

Eva Kathryn Howes

Notary Public

NOTICE OF PUBLIC HEARING

On the 5th day of October, 1976, at 7:30 o'clock p.m., the County Commission of Upshur County, West Virginia, shall meet in the Old Excelsior School, in Excelsior, West Virginia, for the purpose of conducting a public hearing on the creation of a proposed public service district, to be known as the Elkins Road Public Service District, at which time and place, all persons residing in or owning or having any interest in property in the proposed public service district may appear before the Upshur County Commission and shall have an opportunity to be heard for and against the creation of said district, and at such hearing, the Upshur County Commission shall consider and determine the feasibility of the creation of said proposed Public Service District.

The territory to be embraced in said Public Service District shall be as follows:

Beginning at a point in the center of West Virginia Routes 4 and 33 at a point approximately 100 feet east of the center line of the entrance to the Anderegg Estates Sub-Division and running thence with scaled and calculated lines as follows: N 7° 04' E. 1000.0 feet, N. 14° 07 E. 1000.0 feet, N. 23° 18' W. 1300.0 feet, N. 62° 45' E. 800.0 feet, N. 84° 16' E. 1000.0 feet, N. 68° 33' E. 1000.0 feet, N. 67° 37' E. 1300.0 feet, N. 89° 55' E. 11,000.0 feet, S. 7° 43' E. 3500.0 feet, S. 79° 30' W. 1000.0 feet, S. 50° 45' W. 7000.0 feet, S. 45° 00' E. 3000.0 feet, S. 70° 30' E. 3500.0 feet, S. 77° 45' E. 3800.0 feet, S. 75° 43' E. 7000.0 feet, S. 68° 40' E. 5000.0 feet, S. 20° 45' E. 6800.0 feet, S. 33° 17' E. 3000.0 feet crossing the Middle Fork River at approximately 200 feet northeast of the Midvale bridge to a point in Randolph County, West Virginia; thence S. 49° 30' W. 3000.0 feet, S. 56° 35' E. 3000.0 feet, N. 82° 30' E. 2500.0 feet, S. 37° 15' E. 1000.0 feet, S. 71° 34' W. 4000.0 feet, S. 30° 36' W. 1000.0 feet crossing United States Route 33 at approximately 820 feet to another point in said Randolph County; thence N. 63° 29' W. 1000.0 feet, re-crossing the Middle Fork River at approximately 500 feet to a point in Upshur County; thence N. 2° 20' E. 2000.0 feet, N. 81° 45' W. 2300.0 feet, S. 40° 20' W. 3000.0 feet, S. 30° 30' E. 2500.0 feet, S. 63° 41' W. 1000.0 feet, N. 44° 00' W. 2500.0 feet, N. 81° 00' W. 2500.0 feet, N. 89° 40' W. 2500.0 feet, N. 17° 10' W. 2500.0 feet, N. 2° 25' W. 6500.0 feet, N. 69° 12' W. 5000.0 feet, N. 16° 45' W. 4000.0 feet, N. 75° 24' W. 5000.0 feet, N. 44° 47' W. 4000.0 feet, N. 4° 55' W. 4000.0 feet, N. 84° 42' W. 3000.0 feet, S. 21° 04' W. 3000.0 feet, N. 74° 13' W. 1000.0 feet, N. 23° 45' E. 3500.0 feet, N. 31° 24' W. 2000.0 feet, N. 73° 56' W. 1655.0 feet to a point in the Anderegg Estates Sub-division near the Village of Deanville, Upshur County, West Virginia, and thence N. 7° 04' E. 500 feet to the place of beginning, containing 8,625.2 acres of which 213.2 acres lies in Roaring Creek District of Randolph County, West Virginia, and includes the portion of Ellamore and Midvale which are in said Randolph County, West Virginia, and 8,412 acres of Union District of Upshur County, West Virginia, all of which were determined and calculated by Dean Engineering Company of Buckhannon, West Virginia, by Paul G. Dean, R.P.C.E. #1856, in August, 1976.

Virginia K. Murray

Virginia K. Murray, Clerk
Upshur County Commission

At a regular meeting of the County Commission of Upshur County, West Virginia, held at the Courthouse thereof, on Thursday, October 7th, 1976, there were present George M. Keesling, Jr., President of said Commission; Wilson C. Harper and Dalton E. Cutright, Commissioners; and, William C. Thurman, County Administrator.

A RESOLUTION AND ORDER CREATING THE ELKINS ROAD PUBLIC SERVICE DISTRICT IN UPSHUR COUNTY, WEST VIRGINIA AND RANDOLPH COUNTY, WEST VIRGINIA

WHEREAS, the County Commission of Upshur County, West Virginia, did heretofore by a resolution and order adopted September 9, 1976, fix a date for a public hearing on the creation of the proposed Elkins Road Public Service District and in and by said resolution and order provide that all persons residing in or owning or having any interest in property in the proposed public service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the creation of said district; and,

WHEREAS, NOTICE of this hearing was duly given in the manner provided and required by said resolution and order and by Article 13A of Chapter 16 of the West Virginia Code, and all interested persons have been afforded an opportunity of being heard for and against the creation of said district, but no written protest has been filed by the requisite number of qualified voters registered and residing within said proposed public service district and said County Commission has given due consideration to all matters for which such hearing was offered; and,

WHEREAS, it is now deemed desirable by said County Commission to adopt a resolution and order creating said district;

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

Section 1. That a public service district within Upshur County, West Virginia, and Randolph County, West Virginia, is hereby created, and said district shall have the following described boundaries:

Beginning at a point in the center of West Virginia Route 4 and United States Route 33 at a point approximately 100 feet east of the center line of the entrance to the Anderegg Estates Sub-Division and running thence with scaled and calculated lines as follows: N. 7° 04' E. 1000.0 feet, N. 14° 07 E. 1000.0 feet, N. 22° 18' W. 1300.0 feet, N. 62° 45' E. 800.0 feet, N. 64° 16' E. 1000.0 feet, N. 68° 31' E. 1000.0 feet, N. 61° 37' E. 1300.0 feet, N. 89° 55' E. 11,000.0 feet, S. 7° 43' E. 3500.0 feet, S. 79° 30' W. 1000.0 feet, S. 50° 45' W. 7000.0 feet, S. 45° 00' E. 3000.0 feet, S. 70° 30' E. 3500.0 feet, S. 77° 45' E. 3800.0 feet, S. 75° 43' E. 7000.0 feet, S. 68° 40' E. 5000.0 feet, S. 20° 45' E. 6800.0 feet, S. 33° 17' E. 3000.0 feet crossing the Middle Fork River at approximately 300 feet northeast of the Midvale bridge to a point in Randolph County, West Virginia; thence S. 49° 30' W. 3000.0 feet, S. 56° 35' E. 3000.0 feet, N. 82° 30' E. 2500.0 feet, S. 37° 15' E. 1000.0 feet, S. 71° 34' W. 4000.0 feet, S. 30° 36' W. 1000.0 feet crossing United States Route 33 at approximately 820 feet to another point in said Randolph County; thence N. 63° 39' W. 1000.0 feet, re-crossing the Middle Fork River at approximately 300 feet to a point in Upshur County; thence N. 2° 20' E. 2000.0 feet, N.81° 45' W. 2300.0 feet, S. 46° 20' W. 3000.0 feet, S. 30° 30' E. 2500.0 feet, S. 63° 41' W. 1000.0 feet, N. 44° 00' W. 2500.0 feet, N.81° 00' W. 2500.0 feet, N. 69° 40' W. 2500.0 feet, N. 17° 10' W. 2500.0 feet, N. 2° 25' W. 4500.0 feet, N. 69° 12' W. 5000.0 feet, N. 16° 45' W. 4000.0 feet, N. 75° 24' W. 5000.0 feet, N. 44° 47' W. 4000.0 feet, N. 6° 55' W. 4000.0 feet, N. 84° 42' W. 3000.0 feet, S. 21° 04' W. 3000.0 feet, N.74° 13' W. 1000.0 feet, N. 23° 45' E. 3500.0 feet, N. 31° 24' W. 2000.0 feet, N. 73° 56' W. 1655.0 feet to a point in the Anderegg Estates Sub-Division near the Village of Deanville, Upshur County, West Virginia, and thence N. 7° 04' E. 300 feet to the place of beginning, containing 8,625.2 acres of which 213.2 acres lies in Roaring Creek District of Randolph County, West Virginia, and includes the portion of Ellamore and Midvale which are in said Randolph County, West Virginia, and 8,412 acres of Union District of Upshur County, West Virginia, all of which were determined and calculated by Dean Engineering Company of Buckhannon, West Virginia, by Paul C. Dean, R.P.C.E. 11656, in August, 1976.

Section 2. That said public service district so created shall have the name and corporate title of "Elkins Road Public Service District" and shall constitute a public corporation and political subdivision of the State of West Virginia having all of the rights and powers conferred on public service districts by the laws of the State of West Virginia and particularly Article 13A of Chapter 16 of the West Virginia Code.

Section 3. That the County Commission of Upshur County, West Virginia, has determined that the territory within Upshur County, West Virginia, and Randolph County, West Virginia, having the hereinabove described boundaries, is so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of public service properties supplying water services within such territory by said public service district will be conducive to the preservation of public health, comfort and convenience of such area.

ADOPTED BY THE COUNTY COMMISSION the 7 day of October, 1976.

George H. Downing Jr.
President

ATTEST:

Virginia K. Bussey
Clerk

APPROVED
OCT 7 1976
George H. Downing Jr.
President

Ordered that this Commission do adjourn until Thursday, October 14th, 1976.

George H. Downing Jr. President

AN ORDER PROPOSING THE EXTENSION OF THE BOUNDARIES OF THE ELKINS ROAD PUBLIC SERVICE DISTRICT WITHIN UPSHUR COUNTY, WEST VIRGINIA; FIXING A DATE OF HEARING ON THE EXTENSION OF BOUNDARIES OF THE ELKINS ROAD PUBLIC SERVICE DISTRICT; AND PROVIDING FOR THE PUBLICATION OF A NOTICE OF SUCH HEARING

WHEREAS, pursuant to the provisions of Article 13A of Chapter 16 of the West Virginia Code, the County Commission of Upshur County, West Virginia, created the Elkins Road Public Service District in Upshur County, West Virginia, and Randolph County, West Virginia, by adoption of a resolution and order on October 7, 1976; and,

WHEREAS, the aforesaid Order of the Commission set forth a metes and bounds description for the territory embraced in said public service district; and,

WHEREAS, the Commission believes that it is necessary and desirable to enlarge the territory embraced within the boundaries of the Elkins Road Public Service District in Upshur County, West Virginia, in order to provide a public water system within the enlarged area; and,

WHEREAS, pursuant to the provisions of the West Virginia Code, this Commission is required to fix a date of hearing in the county on the proposed enlargement of the boundaries of the Elkins Road Public Service District,

NOW, THEREFORE, BE IT ORDERED upon its own motion by the County Commission of Upshur County, West Virginia, as follows:

SECTION 1. The County Commission of Upshur County, West Virginia, proposes to enlarge and expand the territory embraced within the Elkins Road Public Service District in accordance with the metes and bounds description set forth upon Exhibit A, hereto attached and made a part of this Order.

SECTION 2. The Commission finds that the enlargement area does not include within its limits the territory of any other public service district or any city, incorporated town or other municipal corporation.

SECTION 3. The Commission fixes a date for a public hearing on the enlargement of the boundaries of the Elkins Road Public Service District on the 20 th day of November, 1997, at the hour of 10:00 o'clock a.m., in the chambers or meeting room of the Upshur County Commission at the Upshur County Courthouse Annex, Buckhannon, West Virginia. This shall be a public hearing on the expansion of the boundaries and territory of the Elkins Road Public Service District at which the Commission shall consider and determine the feasibility of the proposed enlargement. All persons residing in or owning or having any interest in property in the proposed enlargement territory, or any other person desiring to be heard on the matter, may appear before this Commission at said hearing and shall have an opportunity to be heard for or against the proposed enlargement of boundaries and territory of the Elkins Road Public Service District.

SECTION 4. The Clerk of this Commission is hereby authorized and directed to cause notice of such hearing by publication of this Order in a newspaper of general circulation in Upshur County, West Virginia, in accordance with the provisions of Code 16-13A-2.

ADOPTED by the County Commission of Upshur County, West Virginia, this 30th day of October, 1997.

President

ATTEST:

EXHIBIT A

DESCRIPTION OF
BOUNDARY ADJUSTMENTS TO
ELKINS ROAD PUBLIC SERVICE DISTRICT
UPSHUR COUNTY, WEST VIRGINIA
OCTOBER 20, 1997

Situate in Upshur County, West Virginia and being two areas, one north of and one south of the existing Elkins Road Public Service District as recorded in Law Order Book 10, Page 67.

Northerly Addition

Commencing for reference at a point in the center of West Virginia Routes 4 and 33 at a point approximately 100 feet (100') east of the centerline of the entrance to Andregg Estates Sub-Division, said point being the point of beginning of the existing Elkins Road Public Service District, (Bearings and distances along the lines of the existing Elkins Road Public Service District are taken from the recorded instrument. All other lines are scaled and calculated and not the result of a field survey.);

thence along the westerly line of said Public Service District for the following four (4) described courses:

1) North seven degrees four minutes East (N07°04'E) for one thousand feet (1000');

2) North fourteen degrees seven minutes East (N14°07'E) for one thousand feet (1000');

3) North twenty-three degrees eighteen minutes West (N23°18'W) for one thousand three hundred feet (1300');

4) North sixty-two degrees forty-five minutes East (N62°45'E) for eight hundred feet (800') to the **point of beginning** of the northerly addition to said Public Service District;

thence departing said existing Public Service District, North thirty-nine degrees fifteen minutes East (N39°15'E) for four thousand three hundred feet (4300') to the Buckhannon River;

thence, in an easterly direction, with the meanders of said river for approximately forty-eight thousand feet (48000') to the Barbour County line;

thence departing said Buckhannon River and in an easterly direction along said county line for approximately seventeen thousand feet (17000') to the Middle Fork River;

thence, in a southerly direction, with the meanders of said Middle Fork River and said county line, passing over the common corner of said Barbour County, said Upshur County and Randolph County at approximately fifty-six thousand two hundred feet (56200') and continuing with said Randolph County line for a total distance of approximately sixty thousand six hundred feet (60600') to the northerly line of said Public Service District;

thence departing said Middle Fork River and along said northerly line for the following thirteen (13) described courses:

1) North thirty-three degrees seventeen minutes West (N33°17'W) for two hundred feet (200');

2) North twenty degrees forty-five minutes West (N20°45'W) for six thousand eight hundred feet (6800');

3) North sixty-eight degrees forty minutes West (N68°40'W) for five thousand feet (5000');

4) North seventy-five degrees forty-three minutes West (N75°43'W) for seven thousand feet (7000');

5) North seventy-seven degrees forty-five minutes West (N77°45'W) for three thousand eight hundred feet (3800');

6) North seventy degrees thirty minutes West (N70°30'W) for three thousand five hundred feet (3500');

7) North forty-five degrees no minutes West (N45°00'W) for three thousand feet (3000');

8) North fifty degrees forty-five minutes East (N50°45'E) for seven thousand feet (7000');

9) North seventy-nine degrees thirty minutes East (N79°30'E) for one thousand feet (1000');

10) North seven degrees forty-three minutes West (N07°43'W) for three thousand five hundred feet (3500.00');

11) South eighty-nine degrees fifty-five minutes West (S89°55'W) for eleven thousand feet (11000');

12) South sixty-seven degrees thirty-seven minutes West (S67°37'W) for one thousand three hundred feet (1300');

13) South sixty-eight degrees thirty-three minutes West (S68°33'W) for one thousand feet (1000');

14) South eighty-four degrees sixteen minutes West (S84°16'W) for one thousand feet (1000') to the point of beginning, containing nineteen thousand seventy-five (19075) acres, more or less.

And also the following described area:

Southerly Addition

Commencing for reference at a point in the center of West Virginia Routes 4 and 33 at a point approximately 100 feet (100') east of the centerline of the entrance to Andregg Estates Sub-Division, said point being the point of beginning of the existing Elkins Road Public Service District;

thence along the westerly line of said Public Service District for the following four (4) described courses:

1) South seven degrees four minutes West (S07°04'W) for five hundred feet (500');

2) South seventy-three degrees fifty-six minutes East (S73°56'E) for one thousand six hundred fifty-five feet (1655.00');

3) South thirty-one degrees twenty-four minutes East (S31°24'E) for two thousand feet (2000.00');

4) South twenty-three degrees forty-five minutes West (S23°45'W) for three thousand five hundred feet (3500.00') to the **point of beginning** of the southerly addition to said Public Service District;

thence along the southerly line of said Public Service District for the following nineteen (19) described courses:

1) South seventy-four degrees thirteen minutes East (S74°13'E) for one thousand feet (1000');

2) North twenty-one degrees four minutes East (N21°04'E) for three thousand feet (3000');

3) South eighty-four degrees forty-two minutes East (S84°42'E) for three thousand feet (3000');

4) South four degrees fifty-five minutes East (S04°55'E) for four thousand feet (4000');

5) South forty-four degrees forty-seven minutes East (S44°47'E) for four thousand feet (4000');

6) South seventy-five degrees twenty-four minutes East (S75°24'E) for five thousand feet (5000');

7) South sixteen degrees forty-five minutes East (S16°45'E) for four thousand feet (4000');

8) South sixty-nine degrees twelve minutes East (S69°12'E) for five thousand feet (5000');

9) South two degrees twenty-five minutes East (S02°25'E) for six thousand five hundred feet (6500');

10) South seventeen degrees ten minutes East (S17°10'E) for two thousand five hundred feet (2500');

11) South eighty-nine degrees forty minutes East (S89°40'E) for two thousand five hundred feet (2500');

12) South eighty-one degrees no minutes East (S81°00'E) for two thousand five hundred feet (2500');

13) South forty-four degrees no minutes East (S44°00'E) for two thousand five hundred feet (2500');

14) North sixty-three degrees forty-one minutes East (N63°41'E) for one thousand feet (1000');

15) North thirty degrees thirty minutes West (N30°30'W) for two thousand five hundred feet (2500');

16) North forty degrees twenty minutes East (N40°20'E) for three thousand feet (3000');

17) South eighty-one degrees forty-five minutes East (S81°45'E) for two thousand three hundred feet (2300');

18) South two degrees twenty minutes West (S02°20'W) for two thousand feet (2000');

19) South sixty-three degrees twenty-nine minutes East (S63°29'E) for five hundred feet (500') to the Middle Fork River and the Upshur-Randolph county line;

thence departing the existing Public Service District and with the meanders of said river, in a southerly direction, and with said county line for approximately ten thousand four hundred feet (10400');

thence departing said river and continuing along said county line South eight degrees no minutes East (S08°00'E) for twenty thousand seven hundred feet (20700');

thence continuing along said county line, South thirteen degrees

thirty minutes West (S13°30'W) for nine thousand nine hundred feet (9900');

thence departing said county line and over said Upshur County for the following ten (10) described courses:

1) North thirty-seven degrees thirty minutes West (N37°30'W) for six thousand three hundred feet (6300');

2) North forty-seven degrees no minutes West (N47°00'W) for five thousand two hundred feet (5200');

3) South seventy-seven degrees no minutes West (S77°00'W) for four thousand four hundred feet (4400');

4) North nineteen degrees no minutes West (N19°00'W) for two thousand four hundred feet (2400');

5) North seventy-one degrees no minutes West (N71°00'W) for two thousand one hundred feet (2100');

6) North twenty-one degrees no minutes West (N21°00'W) for three thousand three hundred feet (3300.00');

7) North seventy-six degrees thirty minutes West (N76°30'W) for three thousand seven hundred feet (3700');

8) North ten degrees thirty minutes West (N10°30'W) for three thousand feet (3000');

9) North thirty-six degrees thirty minutes West (N36°30'W) for three thousand four hundred feet (3400');

10) North sixty-six degrees thirty minutes West (N66°30'W) for one thousand three hundred feet (1300') to the Buckhannon River;

thence in with the meanders of said river, in a northerly direction for approximately six thousand eight hundred feet (6800');

thence departing said river and continuing over said Upshur County for the following twelve (12) described courses:

1) North seventy-seven degrees no minutes East (N77°00'E) for one thousand seven hundred feet (1700');

2) North forty-eight degrees no minutes East (N48°00'E) for two thousand nine hundred feet (2900');

3) North sixty-five degrees thirty minutes East (N65°30'E) for one

thousand seven hundred feet (1700');

4) North twenty-four degrees thirty-four minutes West (N24°34'W) for four thousand feet (4000');

5) North fifty-two degrees thirty-nine minutes East (N52°39'E) for five thousand seven hundred feet (5700');

6) North twenty degrees no minutes East (N20°00'E) for two thousand one hundred feet (2100');

7) North twenty degrees no minutes West (N20°00'W) for six thousand five hundred feet (6500');

8) North six degrees thirty minutes West (N06°30'W) for two thousand five hundred feet (2500');

9) North twenty-four degrees no minutes West (N24°00'W) for eight thousand six hundred feet (8600');

10) North sixty-six degrees thirty minutes West (N66°30'W) for three thousand four hundred feet (3400');

11) North forty degrees no minutes West (N40°00'W) for two thousand three hundred feet (2300');

12) North eleven degrees thirty-eight minutes East (N11°38'E) for one thousand five hundred ninety-seven feet (1597') to the point of beginning, containing eighteen thousand eight hundred fifty-five (18855) acres, more or less, for a total for the two areas of thirty-seven thousand nine hundred thirty (37930) acres more or less.

Courses and distances in the above descriptions are scaled, protracted and based upon the existing Elkins Road Public Service District description and not the result of a field survey.

State of West Virginia, County of Upshur, ss:

Tressi Hinchman, Legal Clerk

Record Delta, a newspaper published at Buckhannon in the said county, do hereby certify that the annexed ... Order Proposing Extension of Boundaries

.....

.....

was published once a week for ..... one (1) ..... successive weeks in said Record Delta newspaper published as aforesaid, commencing on the .....

..7th of November..... days of 19 97 .....

Given under my hand this .... 12th of November day of 19 97 .....

Tressi Hinchman, Legal Clerk

Printers fee $ 204.65 .....

WEST VIRGINIA, UPSHUR COUNTY, TO-WIT:

Subscribed and sworn to before me this 12th of November day of 19 97 .....

Phyllis J. Neuhart ..... Notary Public.

My Commission expires May 26, 2003 .....

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PHYLLIS J. NEUHARTH
RT. 2, BOX 95
FREMONT CREEK, WV 26215
My Commission Expires May 26, 2003

rd Delta

AL NOTICES

AN ORDER PROPOSING THE EXTENTION OF THE BOUNDARIES OF THE ELKINS ROAD PUBLIC SERVICE DISTRICT WITHIN UPSHUR COUNTY, WEST VIRGINIA; FIXING A DATE OF HEARING ON THE EXTENSION BOUNDARIES OF THE ELKINS ROAD PUBLIC SERVICE DISTRICT, AND PROVIDING FOR THE PUBLICATION OF A NOTICE OF SUCH HEARING

WHEREAS, pursuant to the provisions of Article 13-A of Chapter 16 of the West Virginia Code, the County Commission of Upshur County, West Virginia, created the Elkins Road Public Service District in Upshur County, West Virginia, and Randolph County, West Virginia, by adoption of a resolution and order on October 7, 1976; and,

WHEREAS, the aforesaid order of the Commission set forth a metes and bounds description for the territory embraced in said public service district; and,

WHEREAS, the Commission believes that it is necessary and desirable to enlarge the territory embraced within the boundaries of the Elkins Road Public Services District in Upshur County, West Virginia, in order to provide a public water system within the enlarged area; and,

WHEREAS, pursuant to the provisions of the West Virginia Code, the Commission is required to fix a date of hearing in the county on the proposed enlargement of the boundaries of the ELkins Road Public Service District.

NOW, THEREFORE, BE IT ORDERED upon its own motion by the County Commission of Upshur County, West Virginia, as follows:

SECTION 1. The County Commission of Upshur County, West

Service District at which the Commission shall consider and determine the feasibility of the proposed enlargement. All persons residing in or owning or having any interest in property in the proposed enlargement territory, or any other person desiring to be heard on the matter, may appear before this Commission at said hearing and shall have an opportunity to be heard for or against the proposed enlargement of boundaries and territory of the Elkins Road Public Service District.

SECTION 4. The Clerk of this Commission is hereby authorized and directed to cause notice of such hearing by publication of this Order in a newspaper of general circulation in Upshur County, West Virginia, in accordance with the provisions of Code 16-13A-2.

ADOPTED by the County Commission of Upshur County, West Virginia, this 30th day of October, 1997.

RICK E. RICE, President

ATTEST:
DEBBIE THACKER WILFONG, Clerk

DESCRIPTION OF
BOUNDARY ADJUSTMENTS TO
ELKINS ROAD PUBLIC SERVICE DISTRICT
UPSHUR COUNTY, WEST VIRGINIA
OCTOBER 20, 1997

Situate in Upshur County, West Virginia and being two areas, one north of and one sout of the existing Elkins Road Public Service District as recorded in Law Order Book 10, Page 67.

NORTHERLY ADDITION

Commencing for reference at a point in the center of West Virginia Routes 4 and 33 at a point approximately 100 feet (100') east of the centerline of the entrance to Andregg Estates Sub-Division, said point being the point of beginning of the existing Elkins Road Public Service District, (Bearings and distances along the lines of the existing Elkins Road PSD are taken from the recorded instrument. All other lines are scaled and calculated and not the result of a field survbey.);

thence along the westerly line of said Public Service District for the following (4) four described courses:

1) North seven degrees four minutes East (N07 degrees 04'E) for one thousand feet (1000');

2) North fourteen degrees seven minutes East (N14 degrees 07'E) for one thousand feet (1000');

3) North twenty-three degrees eighteen minutes West (N23 degrees 18'W) for one thousand three hundred feet (1300');

4) North sixty-two degrees forty-five minutes East (N62 degrees 45'E) for eight hundred feet (800') to the point of beginning of the northerly addition to said Public Service District:

thence deparing said existing Public Service District, North thirty-

Buckhannon River;

thence, in an easterly direction, with the meanders of said river for approximately forty-eight thousand feet (48000') to the Barbour County line;

thence departing said Buckhannon River and in an easterly direction along said county line for approximately seventeen thousand feet (17000') to the Middle Fork River;

thence, in a southerly direction, with the meanders of said Middle Fork River and said county line, passing over the common corner of said Barbour County, said Upshur County and Randolph County at approximately fifty-six thousand two hundred feet (56200') and continuing with said Randolph County line for a total distance of approximately sixty thousand six hundred feet (60600') to the northerly line of said Public Service District:

thence departing said Middle Fork River and along said northerly line for the following thirteen (14) described courses:

1) North thirty-three degrees seventeen minutes West (N33degrees 17'W) for two hundred feet (200');

2) North twenty degrees forty-five minutes West (N20degrees 45'W) for six thousand eight hundred feet (6800');

3) North sixty-eight degrees forty minutes West (N68 degrees 40'W) for five thousand feet (5000');

4) North sevenuty-five degrees forty-three minutes West (N75 degrees 43'W) for seven thousand feet (7000');

5) North seventy-seven degrees forty-five minutes West (N77 degrees 45'W) for three thousand eight hundred feet (3500');

6) North seventy degrees thirty minutes West (N70 degrees 30'W) for three thousand five hundred feet (3500');

7) North forty-five degrees no minutes West (N45 degrees 00'W) for three thousand feet (3000');

8) North fifty degrees forty-five minutes East (N50 degrees 45'E) for seven thousand feet (7000');

9) North seventy-nine degrees thirty minutes East (N79 degrees 30'E) for seven thousand feet (7000');

10) North seven degrees forty-three minutes West (N07 degrees 43'W) for three thousand five hundred feet (3500');

11) South eighty-nine degrees fifty-five minutes West (S89 degrees 55'W) for eleven thousand feet (11000');

12) South sixty-seven degrees thirty-seven minutes West (S67 degrees 37'W) for one thousand three hundred feet (1300');

13) South sixty-eight degrees thirty-three minutes West (S68 degrees 33'W) for one thousand feet (1000');

14) South eight-four degrees sixteen minutes West (S84 degrees 16'W) for one thousand feet (1000') to the point of beginning, containing nineteen thousand seventy-five (19075) acres, more or less.

And also the following described areas:

Southerly Addition

Commencing for reference at a

the centerline of the entrance to Andregg Estates Sub-Division, said point being the point of beginning of the existing Elkins Road Public Service District:

thence along the westerly line of said Public Service District for the following four (4) described courses:

1) South seven degrees four minutes West (S07 degrees 04'W) for five hundred feet (500');

2) South seventy-three degrees fifty-six minutes East (S73 degrees 56'E) for one thousand six hundred fifty-five feet (1655');

3) South thirty-one degrees twenty-four minutes East (S31 degrees 24'E) for two thousand feet (2000');

4) South twenty-three degrees forty-five minutes West (S23 degrees 45'W) for three thousand five hundred feet (3500') to the point of beginning of the southerly addition to said Public Service District;

thence along the southerly line of said Public Service District for the following nineteen (19) described courses:

1) South seventy-four degrees thirteen minutes East (S74 degrees 13'E) for one thousand feet (1000');

2) North twenty-one degrees four minutes East (N21 degrees 04'E) for three thousand feet (3000');

3) South eighty-four degrees forty-two minutes East (S84 degrees 42'E) For three thousand feet (3000');

4) South four degrees fifty-five minutes East (S04 degrees 55'E) for four thousand feet (4000');

5) South forty-four degrees forty-seven minutes East (S44 degrees 47'E) for four thousand feet (4000');

6) South seventy-five degrees twenty-four minutes East (S75 degrees 24'E) for five thousand feet (5000');

7) South sixteen degrees forty-five minutes East (S16 degrees 45'E) for four thousand feet (4000');

8) South sixty-nine degrees twelve minutes East (S69 degrees 12'E) for five thousand feet (5000');

9) South two degrees twenty-five minutes East (S02 degrees 25'E) for six thousand five hundred feet (6500');

10) South seventeen degrees ten minutes East (S17 degrees 10'E) for two thousand five hundred feet (2400');

11) South eighty-nine degrees forty minutes East (S89 degrees 40'E) for two thousand five hundred feet (2500');

12) South eighty-one degrees no minutes East (S81 degrees 00'E) for two thousand five hundred feet (2500');

13) South forty-four degrees no minutes East (S44 degrees 00'E) for two thousand five hundred feet (2500');

14) North sixty-three degrees forty-one minutes East (N63 degrees 41'E) for one thousand feet (1000');

15) North thirty degrees thirty minutes West (N30 degrees 20'W) for two thousand five hundred feet (2500');

16) North forty degrees twenty minutes East (N40 degrees 20'E) for three thousand feet (3000');

17) South eighty-one degrees forty-five minutes East (S81 degrees 45'E) for two thousand three hundred

minutes West (S02 degrees 20'W) for two thousand feet (2000');

19) South sixty-three degrees twenty-nine minutes East (S63 degrees 29'E) for five hundred feet (500' to the Middle Fork River and the Upshur Randolph County line:

thence departing the existing Public Service District and with the meanders of said river, in a southerly direction, and with said county line for approximately ten thousand four hundred feet (10400');

thence departing said river and continuing along said county line South eight degrees no minutes East (S08 degrees 00'E) for twenty thousand seven hundred feet (20700');

thence continuing along said county line, South thirteen degrees thirty minutes West (S13 degrees 30'W) for nine thousand nine hundred feet (9900');

thence departing said county line and over said Upshur County for the following ten (10) described courses:

1) North thirty-seven degrees thirty minutes West (N37 degrees 30'W) for six thousand feet (6300');

2) North forty-seven degrees no minutes West (N47 degrees 00'W) for five thousand two hundred feet (5200');

3) South seventy-seven degrees no minutes West (S77 degrees 00'W) for four thousand four hundred feet (4400');

4) North nineteen degrees no minutes West (N19 degrees 00'W) for two thousand four hundred feet (2400');

5) North seventy-one degrees no minutes West (N71 degrees 00'W) for two thousand one hundred feet (2100');

6) North twenty-one degrees no minutes West (N21 degrees 00'W) for three thousand three hundred feet (3300');

7) North seventy-six degrees thirty minutes West (N76 degrees 30'W) for three thousand seven hundred feet (3700');

8) North ten degrees thirty minutes West (N10 degrees 30'W) for three thousand feet (3000');

9) North thirty-six degrees thirty minutes West (N36 degrees 30'W) for three thousand four hundred feet (3400');

10) North sixty-six degrees thirty minutes West (N66 degrees 30'W) for one thousand three hundred feet (1300') to the Buckhannon River;

thence in with the meanders of said river, in a northerly direction for approximately six thousand eight hundred feet (6800');

thence departing said river and continuing over said Upshur County for the following twelve (12) described courses:

1) North seventy-seven degrees no minutes East (N77 degrees 00'E) for one thousand seven hundred feet (1700');

2) North forty-eight degrees no minutes East (N48 degrees 00'E) for two thousand nine hundred feet (2900');

3) North sixty-five degrees thirty minutes East (N65 degrees 30'E) for one thousand seven hundred feet (1700');

4) North twenty-four degrees thirty-four minutes West (N24

5) North fifty-two degrees thirty-nine minutes East (N52 degrees 39'E) for five thousand seven hundred feet (5700');

6) North twenty degrees no minutes East (N20 degrees 00'E) for two thousand one hundred feet (2100');

7) North twenty degrees no minutes West (N20 degrees 00'W) for six thousand five hundred feet (6500');

8) North six degrees thirty minutes West (N06 degrees 30'W) for two thousand five hundred feet (6800');

9) North twenty-four degrees no minutes West (N24 degrees 00'W) for eight thousand six hundred feet (8600');

10) North sixty-six degrees thirty minutes West (N66 degrees 30'W) for three thousand four hundred feet (3400');

11) North forty degrees no minutes West (N40 degrees 00'W) for two thousand three hundred feet (2300');

12) North eleven degrees thirty-eight minutes East (N11 degrees 38'E) for one thousand five hundred ninty-seven feet (1597') to the point of beginning, containing eighteen thousand eight hundred fifty-five (18855) acres, more or less, for a total for the two areas of thirty-seven thousand nine hundred thirty (37930) acres more or less.

Courses and distances in the above descriptions are scaled, protracted and based upon the existing Elkins Road Public Service District description and not the result of a field survey.

11-7

ORDER APPROVING THE EXTENSION OF THE BOUNDARIES OF THE ELKINS ROAD PUBLIC SERVICE DISTRICT WITHIN UPSHUR COUNTY, WEST VIRGINIA, SUBJECT TO APPROVAL OF THE PUBLIC SERVICE COMMISSION OF THE STATE OF WEST VIRGINIA.

WHEREAS, the County Commission of Upshur County, West Virginia, did adopt an order on October 30, 1997, proposing on its own motion to enlarge the territory embraced within the boundaries of the Elkins Road Public Service District in Upshur County, West Virginia, in order to provide a public water system within the enlarged area; and,

WHEREAS, the aforesaid order fixed November 20, 1997, at the hour of 10:00 o'clock a.m. in the Chamber or Meeting Room of the Upshur County Commission at the Upshur County Courthouse Annex, Buckhannon, West Virginia, as the time and place for a public hearing on the enlargement of the territory embraced within the boundaries of the Elkins Road Public Service District in Upshur County, West Virginia, with opportunity to be afforded to all persons residing in or having any interest in property in the proposed enlargement territory, or any other person desiring to be heard on the matter, to appear before the Commission at said hearing for the purpose of being heard for or against the proposed enlargement of the boundaries of the Elkins Road Public Service District; and,

WHEREAS, notice of the public hearing was duly given in the manner provided and required by said order and by the provisions of Chapter 16, Article 13A, Section 2(c) of the West Virginia Code; the public hearing was held at the time and place

aforesaid; and the Commission has given due consideration to all matters presented to it at the public hearing,

NOW, THEREFORE, BE IT ORDERED ON ITS OWN MOTION by the County Commission of Upshur County, West Virginia, as follows:

SECTION ONE. The County Commission of Upshur County, West Virginia, makes the following findings:

(1) The Commission has complied with all provisions of Chapter 16, Article 13A of the West Virginia Code pertaining to the enlargement of the territory embraced within the boundaries of the Elkins Road Public Service District in Upshur County, West Virginia, in order to provide a public water system within the enlarged area;

(2) Proper notice of the public hearing on the enlargement of the boundaries of the Elkins Road Public Service District was given by the Commission through publication of the same in the Record-Delta, a newspaper of general circulation in Upshur County, West Virginia, on November 7, 1997;

(3) Representatives of the Mt. Hope Water Association appeared at the public hearing and objected to inclusion within the proposed enlargement boundary of an area in which they proposed to furnish water services. After considerable discussion, with the mutual agreement of representatives of the Elkins Road Public Service District and the Mt. Hope Water Association, the Commission decided to eliminate the area involved from the proposed enlargement boundary. No other objections to the

enlargement boundary were voiced by any person attending the public hearing;

(4) The enlargement area, as modified, does not include within its limits the territory of any other public service district or any city, incorporated town or other municipal corporation;

(5) It is necessary and desirable to enlarge the territory embraced within the boundaries of the Elkins Road Public Service District in Upshur County, West Virginia, in order to provide a public water system within the enlarged area;

(6) The extension of the boundaries of Elkins Road Public Service District will be conducive to the preservation of public health, comfort and convenience within the enlarged area.

SECTION TWO. The County Commission of Upshur County, West Virginia, on its own order, does hereby order and approve the enlargement and expansion of the territory embraced within the boundaries of the Elkins Road Public Service District, as modified by the Commission, in accordance with the metes and bounds description set forth upon Exhibit A, hereto attached and made a part of this order, and as more particularly shown on a plat or map made by Chapman Technical Group, titled "Map Showing Additions to Elkins Road Public Service District," a copy of which is to be recorded in the Office of the Clerk of this Commission.

SECTION THREE. The Clerk of this Commission shall, within ten (10) days after the entry of this order, file the same with the Public Service Commission of the State of West Virginia

for its review and approval. Enlargement of the boundaries of the Elkins Road Public Service District, as set forth in this order, shall be subject to approval of the Public Service Commission of the State of West Virginia.

SECTION FOUR. The Clerk of this Commission shall retain in her office an authentic copy of this order enlarging the boundaries of the Elkins Road Public Service District.

ADOPTED by the County Commission of Upshur County, West Virginia, this 20th day of November, 1997.

President

ATTEST:

Clerk

LXXIII-17

EXHIBIT A

DESCRIPTION OF BOUNDARY ADJUSTMENTS
TO ELKINS ROAD PUBLIC SERVICE DISTRICT
UPSHUR COUNTY, WEST VIRGINIA

Situate in Upshur County, West Virginia, and being two areas, one north of and one south of the existing Elkins Road Public Service District as recorded in Law Order Book 10 page 67.

Northerly Addition

Commencing for reference at a point in the center of West Virginia Routes 4 and 33 at a point approximately 100 feet (100') east of the centerline of the entrance to Andregg Estates Sub-Division, said point being the point of beginning of the existing Elkins Road Public Service District (Bearings and distances along the lines of the existing Elkins Road Public Service District are taken from the recorded instrument. All other lines are scaled and calculated and not the result of a field survey);

thence along the westerly line of said Public Service District for the following four (4) described courses:

1) North seven degrees four minutes East (N07°04'E) for one thousand feet (1000');

2) North fourteen degrees seven minutes East (N14°07'E) for one thousand feet (1000');

3) North twenty-three degrees eighteen minutes West (N23°18'W) for one thousand three hundred feet (1300');

4) North sixty-two degrees forty-five minutes East (N62°45'E) for eight hundred feet (800') to the point of beginning of the northerly addition to said Public Service District;

thence departing said existing Public Service District, North thirty-nine degrees fifteen minutes East (N39°15'E) for four thousand three hundred feet (4300') to the Buckhannon River;

thence in an easterly direction, with the meanders of said river for approximately forty-eight thousand feet (48000') to the Barbour County line;

thence departing said Buckhannon River and in an easterly direction along said county line for approximately seventeen thousand feet (17000') to the Middle Fork River;

thence in a southerly direction, with the meanders of said Middle Fork River and said county line, passing over the common corner of said Barbour County, said Upshur County and Randolph County at approximately fifty-six thousand two hundred feet

(56200') and continuing with said Randolph County line for a total distance of approximately sixty thousand six hundred feet (60600') to the northerly line of said Public Service District;

thence departing said Middle Fork River and along said northerly line for the following thirteen (13 described courses:

1) North thirty-three degrees seventeen minutes West (N33°17'W) for two hundred feet (200');

2) North twenty degrees forty-five minutes West (N20°45'W) for six thousand eight hundred feet (6800');

3) North sixty-eight degrees forty minutes West (N68°40'W) for five thousand feet (5000');

4) North seventy-five degrees forty-three minutes West (N75°43'W) for seven thousand feet (7000');

5) North seventy-seven degrees forty-five minutes West (N77°45'W) for three thousand eight hundred feet (3800');

6) North seventy degrees thirty minutes West (N70°30'W) for three thousand five hundred feet (3500');

7) North forty-five degrees no minutes West (N45°00'W) for three thousand feet (3000');

8) North fifty degrees forty-five minutes East (N50°45'E) for seven thousand feet (7000');

9) North seventy-nine degrees thirty minutes East (N79°30'E) for one thousand feet (1000');

10) North seven degrees forty-three minutes West (N07°43'W) for three thousand five hundred feet (3500');

11) South eighty-nine degrees fifty-five minutes West (S89°55'W) for eleven thousand feet (11000');

12) South sixty-seven degrees thirty-seven minutes West (S67°37'W) for one thousand three hundred feet (1300');

13) South sixty-eight degrees thirty-three minutes West (S68°33'W) for one thousand feet (1000');

14) South eighty-four degrees sixteen minutes West (S84°16'W) for one thousand feet (1000') to the point of beginning, containing nineteen thousand seventy-five (19075) acres, more or less.

And also the following described area:

Southerly Addition

Commencing for reference at a point in the center of West Virginia Routes 4 and 33 at a point approximately 100 feet (100') east of the centerline of the entrance to Andregg Estates Sub-Division, said point being the point of beginning of the existing Elkins Road Public Service District;

thence along the westerly line of said Public Service District for the following four (4) described courses:

1) South seven degrees four minutes West (S07°04'W) for five hundred feet (500');

2) South seventy-three degrees fifty-six minutes East (S73°56'E) for one thousand six hundred fifty-five feet (1655');

3) South thirty-one degrees twenty-four minutes East (S31°24'E) for two thousand feet (2000');

4) South twenty-three degrees forty-five minutes West (S23°45'W) for three thousand five hundred feet (3500') to the point of beginning of the southerly addition to said Public Service District;

thence along the southerly line of said public Service District for the following nineteen (19) described courses:

1) South seventy-four degrees thirteen minutes East (S74°13'E) for one thousand feet (1000');

2) North twenty-one degrees four minutes East (N21°04'E) for three thousand feet (3000');

3) South eighty-four degrees forty-two minutes East (S84°42'E) for three thousand feet (3000');

4) South four degrees fifty-five minutes East (S04°55'E) for four thousand feet (4000');

5) South forty-four degrees forty-seven minutes East (S44°47E) for four thousand feet (4000');

6) South seventy-five degrees twenty-four minutes East (S75°24'E) for five thousand feet (5000');

7) South sixteen degrees forty-five minutes East (S16°45'E) for four thousand feet (4000');

8) South sixty-nine degrees twelve minutes East (S69°12'E) for five thousand feet (5000');

9) South two degrees twenty-five minutes East (S02°25'E) for six thousand five hundred feet (6500');

10) South seventeen degrees ten minutes East (S17°10'E) for two thousand five hundred feet (2500');

11) South eighty-nine degrees forty minutes East (S89°40'E) for two thousand five hundred feet (2500');

12) South eighty-one degrees no minutes East (S81°00'E) for two thousand five hundred feet (2500');

13) South forty-four degrees no minutes East (S44°00'E) for two thousand five hundred feet (2500');

14) North sixty-three degrees forty-one minutes East (N63°41'E) for one thousand feet (1000');

15) North thirty degrees thirty minutes West (N30°30'W) for two thousand five hundred feet (2500');

16) North forty degrees twenty minutes East (N40°20'E) for three thousand feet (3000');

17) South eighty-one degrees forty-five minutes East (S81°45'E) for two thousand three hundred feet (2300');

18) South two degrees twenty minutes West (S02°20'W) for two thousand feet (2000');

19) South sixty-three degrees twenty-nine minutes East (S63°29'E) for five hundred feet (500') to the Middle Fork River and the Upshur-Randolph County line;

thence departing the existing Public Service District and with the meanders of said river, in a southerly direction, and with said county line for approximately ten thousand four hundred feet (10400');

thence departing said river and continuing along said county line South eight degrees no minutes East (S08°00'E) for one thousand two hundred feet (1200');

thence departing said county line and over said Upshur County for the following ten (10) described courses:

1) South eighty-eight degrees thirty minutes no seconds West (S88°30'00"W) for six thousand five hundred feet (6500');

2) North seventy-nine degrees thirty minutes eleven seconds West (N79°30'11"W) for eight thousand feet (8000');

3) North eighteen degrees sixteen minutes three seconds West (N18°16'03"W) for four thousand seven hundred feet (4700');

4) North twenty degrees no minutes East (N20°00'E) for two thousand one hundred feet (2100');

5) North twenty degrees no minutes West (N20°00'W) for six thousand five hundred feet (6500');

6) North six degrees thirty minutes West (N06°30'W) for two thousand five hundred feet (2500');

7) North twenty-four degrees no minutes West (N24°00'W) for eight thousand six hundred feet (8600');

8) North sixty-six degrees thirty minutes West (N66°30'W) for three thousand four hundred feet (3400');

9) North forty degrees no minutes West (N40°00'W) for two thousand three hundred feet (2300');

10) North eleven degrees thirty-eight minutes East (N11°38'E) for one thousand five hundred ninety-seven feet (1597') to the point of beginning, containing seven thousand five hundred fifty-six (7556) acres, more or less, for a total for the two areas of twenty-six thousand six hundred thirty-one (26631) acres, more or less.

Courses and distances in the above descriptions are scaled, protracted and based upon the existing Elkins Road Public Service District description and not the result of a field survey.

Courses and distances in the above descriptions are scaled, protracted and based upon the existing Elkins Road Public Service District description and not the result of a field survey.

LXXIII-24

STATE OF WEST VIRGINIA, County of Upshur, To-Wit:

I, Debbie Thacker Wilfong, Clerk of the County Commission of said County, do hereby certify that the foregoing writing, with certificate thereto annexed, was this day produced to me in my office and duly admitted to record.

Witness my hand.

Debbie Thacker Wilfong

Clerk

19

UPSHUR COUNTY CLERK
FILED & RECORDED

97 DEC -5 PM 3:02

Deed 401 744

BUCKHANNON, WEST VIRGINIA

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
5-6-98

Entered: April 16, 1998

CASE NO. 97-1645-PWD-PC

UPSHUR COUNTY COMMISSION
Petition to extend the boundaries of
the Elkins Road Public Service District.

RECOMMENDED DECISION

On December 15, 1997, the Upshur County Commission filed a petition with the Public Service Commission seeking approval of a County Commission Order entered on November 20, 1997, expanding the boundaries of the Elkins Road Public Service District (District), to include the area to be served by an upcoming water extension project which is the subject of Case No. 97-1546-PWD-PF.

In an Order dated January 12, 1998, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before July 21, 1998.

In an Initial and Final Joint Staff Memorandum filed December 31, 1997, Staff Attorney Cecelia Gail Jarrell explained that the Upshur County Commission is requesting the Commission's consent and approval for a boundary expansion for the Elkins Road Public Service District, a currently existing and active public service district operating in Upshur County. Staff, having reviewed the complete filing in this case, recommended that the boundary expansion be granted.

By Order dated February 9, 1998, this matter was set for hearing to be held at the Fire Department, 2nd Flood, South Locust Street, Buckhannon, West Virginia, on April 1, 1998.

On February 26, 1998, the Administrative Law Judge was advised by Mr. William A. Parker, Upshur County Administrator, that the hearing site at the Fire Department was not handicapped-accessible. Mr. Parker suggested relocating this hearing to the County Courthouse Annex.

By Order dated March 2, 1998, this matter was set for hearing to be held in the Upshur County Courthouse Annex, 38 West Main Street, Room 30, Buckhannon, West Virginia, on April 1, 1998. Said Order also required that the Upshur County Commission give notice of the hearing to be held in this case on April 1, 1998, by publishing a Notice of Hearing once in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Upshur County. (See, Order dated March 2, 1998).

On March 31, 1998, the Upshur County Commission submitted a proper affidavit of publication reflecting that publication had been made in accordance with the Commission's requirements. (See, Affidavit of Publication, case file).

The hearing was held as scheduled on April 1, 1998. The Upshur County Commission was represented by the Upshur County Administrator, Mr. William Parker. Commission Staff was represented by Staff Attorney Cecelia Jarrell. No one appeared in protest to the Upshur County petition and the matter was submitted as an unprotested case without the receipt of any evidence. (See, Tr., pp. 3-4).

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that, since the Upshur County Commission has given proper notice of the hearing held in this matter on April 1, 1998, concerning its petition to expand the boundaries of the Elkins Road Public Service District, to include the area to be served by an upcoming water extension project, and no one appeared in protest to the petition at the hearing held on April 1, 1998, the Upshur County Commission's Order of November 20, 1997, expanding the boundaries of the Elkins Road Public Service District, should be approved, pursuant to West Virginia Code §16-13A-2.

ORDER

IT IS, THEREFORE, ORDERED that the Upshur County Commission Order of November 20, 1997, expanding the boundaries of the Elkins Road 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

Upshur County Commission Meeting
June 17, 2004

The County Commission of Upshur County, West Virginia, held their regular meeting at the Courthouse Annex on Thursday, June 17, 2004, at 9:00 a.m. Stephen P. Abel called the meeting to order. There were present Stephen P. Abel, Commissioner; Donnie R. Tenney, Commissioner; Kenneth T. Davidson, Commissioner; William A. Parker, Administrator and Terri Jo Bennett, Secretary. The meeting began with a moment of Silent Meditation, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

The Commission approved the regular meeting minutes of June 10, 2004 via the General Consent Rule.

Carolyn Hefner, Director for the Watershed Resources Division of the WV Conservation Agency, appeared before the Commission to provide an update and schedule of events for the 2004 Canon Envirothon. (copy included) After discussion, the Commission will follow-up with the possibility of making a monetary donation and assist in participating with various events.

Delegate Bill Hamilton, appeared before the Commission and presented the WV Development Office funding contract for Fidler's Mill. William A. Parker will place the item on next week's agenda for action.

COPY

Cathy Collins, E-911/OES Director, appeared before the Commission and presented a recommendation from the Upshur County Fire Chief's Association and the Upshur County Enhanced Emergency Telephone Advisory Board for dispatch procedures. (copy included) After discussion, on motion by Donnie R. Tenney, seconded by Kenneth T. Davidson, the Commission approved the recommendations.

Cathy Collins reviewed the request from Gertrude Chapel Church to lease FEMA property from the Upshur County Commission to be utilized as a parking lot for the church. (copy included) After discussion, Donnie Tenney requested Cathy Collins to follow-up with FEMA representatives to see if the County Commission could actually lease the property with exclusive use to the church and report back this afternoon.

Cathy Collins reviewed correspondence from WVOES regarding the usage of the Homeland Security Grant Funding. The WVOES has denied utilizing the funds for erection of two communication towers. The Commission requested that a meeting be scheduled with all interested parties to determine alternatives for the funding.

William A. Parker provided an update/status report on a request from the Upshur County Swim Team for the Upshur County Commission to act as a conduit for paying personnel. After discussion, on motion by Donnie R. Tenney, seconded by Kenneth T. Davidson, the Commission approved Lauren Marie Snell to be placed on the payroll with the reimbursement from the Upshur County Swim Team.

On motion by Donnie R. Tenney, seconded by Kenneth T. Davidson, the Commission approved the recommendation to reappointment of Leonard DeRico to the Elkins Road PSD. (copy included) Effective date of term is October 1, 2004 through September 30, 2010.

On motion by Donnie R. Tenney, seconded by Kenneth T. Davidson, the Commission approved to rescind the approval of the Release of Erroneous Assessment number 1238 for Medford and Wanda Carrico and number 1237 for Alma McCray. (The Assessor advised that these were duplicates of a previously processed exoneration.)

Upshur County Commission Meeting
June 17, 2004

John Bowers, James W. Curry Advisory Board member, appeared before the Commission to provide an update/status report on the Brook Hill Community Fair scheduled for July 23-24-25, 2004. (copy included)

Mr. Bowers also advised the Commission of a Bluegrass Festival scheduled for August 27-28 at the Brooks Hill Community Building.

Kenneth T. Davidson, James W. Curry Advisory Board Member, discussed a problem the employees are having in obtaining gas for mowing and suggested looking at purchasing an above the ground gas tank. After discussion, the Commission agreed to visit other options with storeowners in that area and William A. Parker was requested to follow-up with the Auditor on an increase in the petty cash fund for the James W. Curry Park and Library.

After review and discussion, on motion by Donnie R. Tenney, seconded by Kenneth T. Davidson, the Commission approved and authorized the President to sign the required grant documentation for the Office of the Prosecuting Attorney. The VOCA Grant is for a full-time employee in the amount of $35,285.00. The JAIBG Grant is for a full-time Assistant Prosecuting position and a full-time Mentoring Coordinator position in the amount of $57,288.00. (copies included) Donnie R. Tenney requested that the individuals in those positions provide a program update.

COPY

Kenneth T. Davidson provided information on the letter received from Jame Waybright, County Commissioners' Association (CCA), regarding withholding the Commission's portion of the West Virginia Association of Counties (WVACo) dues. Stephen P. Abel expressed his concerns of withholding the dues because it could interfere with the Upshur County employee's optical and dental insurance and the fact that the dues structure is not set up for a certain amount per each associated group. After discussion, on motion by Kenneth T. Davidson, seconded by Donnie R. Tenney, the Commission approved withholding the payment of the total dues until after the CCA annual meeting in August. (NOTE: KTD and DRT for the motion and SPA against the motion.)

Stephen P. Abel discussed payment of overtime incurred for employees at the Upshur County Emergency Squad during the WV Strawberry Festival. No action was taken at this time.

Sherman Baxa, Sheriff, requested an executive session per WV Code 6-9a-4 to discuss personnel. On motion by Donnie R. Tenney, seconded by Kenneth T. Davidson, the Commission entered executive session at 10:35 a.m. In attendance were Stephen P. Abel, Donnie R. Tenney, Kenneth T. Davidson, William A. Parker and Sherman Baxa. No decisions were made in executive session and the Commission continues in executive session at 10:50 a.m. on another personnel matter. In attendance were Stephen P. Abel, Donnie R. Tenney and Kenneth T. Davidson. No decisions were made in executive session and the Commission returned to open session at 11:50 a.m.

The Commission recessed at 11:50 a.m.

The Commission reconvened at 1:00 p.m.

On motion by Kenneth T. Davidson, seconded by Donnie R. Tenney, the Commission entered executive session per WV Code 6-9a-4 to discuss personnel. In attendance were Kenneth T. Davidson and Donnie R. Tenney for the first hour. In attendance for the second hour were Kenneth T. Davidson and Stephen P. Abel. No

decisions were made in executive session and the Commission returned to open session at 3:00 p.m.

The Commission met with Dirk Burnside, Chair of Upshur County Enhanced Emergency Telephone Advisory Board, Cathy Collins, E-911/OES Director and Sherman Baxa, Sheriff, to discuss the correspondence from WVOES regarding alternative usage for the Homeland Security Grant Funding. The Commission scheduled a meeting for all involved parties at 2:30 p.m. on Thursday, June 24, 2004 to address alternative uses of the grant funding.

COPY

The Commission approved the following Purchase Orders:

- Ginger Defibaugh - #05000004
- Quill Corporation - #05000003
- Dayton Legal Blank - #05000002
- Canaan Valley Resorts Inc - #05000001

The Commission approved all Invoices for payment. (copy included)

The Commission approved all Vacation Orders.

The Commission approved/denied the following "Requests to Attend Meetings": (copy included)

The Commission approved the following Exoneration: (copy included)

- Neil or Marcella Roth - #1247 - $310.78

The Commission received the following Information: (copies included)

1. Correspondence from the County Commissioners' Association of WV (CCA) Membership in the County Commissioner's Association and the West Virginia Association of Counties
2. Correspondence from the CCA – Copy of Charleston Gazette Article Concerning #1 Above
3. Correspondence from the Upshur County Emergency Medical Services, Inc - Overtime Cost for the 2004 WV Strawberry Festival
4. Correspondence from Kris Wagoner, Social Services Coordinator for the Valley Green Apartments - Invitation to Opening of Network Computer Learning Center at 1:00 p.m. on Wednesday, June 30, 2004
5. Correspondence from the Office of Secretary of State - Procedure for Precinct Changes
6. Correspondence from CCA - Copy of Charleston Gazette Article - Ballot Layout
7. Correspondence from the WV Prosecuting Attorney's Institute – Cost Savings to County
8. Agenda(s):
    - James W. Curry Advisory Board - June 16, 2004
    - Upshur County Solid Waste Authority - June 14, 2004
    - Upshur County Youth Camp Board - June 17, 2004
9. Meeting Minutes and/or Financial Report Information:
    - Adrian Public Service District - May 14, 2004
    - Adrian Public Service District - May 20, 2004
    - Adrian Public Service District - May 21, 2004
    - James W. Curry Advisory Board - April 17, 2004
    - Tennerton Public Service District - May 13, 2004

- Tennerton Public Service District - April 20, 2004

10. Meetings:
    - 06/01/04 - 6:30 p.m. - Special Meeting – Homeland Security Grant Program
    - 06/01/04 - 6:00 p.m. - Elkins Road Public Service District
    - 06/07/04 - 7:00 p.m. - Hodgesville Public Service District
    - 06/08/04 - 7:00 a.m. - Buckhannon-Upshur Airport Authority (Airport Facility)
    - 06/08/04 - 5:30 p.m. - UC Enhanced Emergency Telephone Advisory Board
    - 06/09/04 - 7:00 a.m. - Upshur County Development Authority
    - 06/09/04 - 7:00 p.m. - Lewis-Upshur LEPC
    - 06/09/04 - 7:00 p.m. - Upshur County Litter Control Committee
    - 06/10/04 - 3:30 p.m. - Tennerton Public Service District
    - 06/10/04 - 6:30 p.m. - UC Safe Structures & Sites Ordinance Board
    - 06/11/04 - 1:00 p.m. - Adrian Public Service District
    - 06/14/04 - 12:00 p.m. - Upshur County Family Resource Network
    - 06/14/04 - 6:00 p.m. - Upshur County Solid Waste Authority
    - 06/14/04 - 6:30 p.m. - Buckhannon-Upshur Parks & Recreation Board
    - 06/15/04 - 10:00 a.m. - Wes-Mon-Ty RCD Board
    - 06/16/04 - 10:00 a.m. - James W. Curry Park & Library Advisory Board
    - 06/16/04 - 4:00 a.m. - Upshur County Public Library Board
    - 06/17/04 - 6:30 p.m. - Upshur County Fire Board
    - 06/17/04 - 6:30 p.m. - Upshur County Youth Camp Board
    - 06/21/04 - 7:00 p.m. - Upshur County Fair Association
    - 06/28/04 - 7:00 p.m. - Region VII Planning & Development Council
11. Appointments Needed:
    - Buckhannon-Upshur Airport Authority (William Wellings 6/30/04) County
    - Buckhannon-Upshur Airport Authority (Phil Loftis 6/30/04) City
    - Buckhannon-Upshur Board of Health (Roy Goff 6/30/04-1st Dist.) City
    - Buckhannon-Upshur Parks & Recreation Board (Howard Feola 6/30/04) City
    - Buckhannon-Upshur Parks & Recreation Board (Dave Cummings 6/30/04) City
    - Buckhannon-Upshur Parks & Recreation Board (Libby Lee 6/30/04) BOE
    - Buckhannon-Upshur Parks & Recreation Board (Sam McComas 6/30/04) BOE
    - Buckhannon-Upshur Parks & Recreation Board (Bryan Greene 6/30/04) County
    - Buckhannon-Upshur Parks & Recreation Board (Mary Rylands 6/30/04) County

COPY

- James W. Curry Advisory Board (Arthur Wilson 12/31/04) County
- Elkins Road Public Service District (Leonard DeRico 9/30/04) County
  Hodgesville Public Service District (Donnie Kincaid 8/05/04) County
- Upshur County Building Commission (Ron Hutton 11/10/03) County
- Upshur County Building Commission (Terry Reed 11/10/04) County
- Upshur County Civil Service Board (Roy Law 12/31/04) County
- UC Enhanced Emergency Telephone Adv. Bd. (Dirk Burnside 6/30/04) County
- Upshur County Fire Board (Joe Malcolm 6/30/04 3rd District) Fire Assoc.-County Upshur County Fire Board (Frank Hodges 6/30/04 1st District) Community-County
- Upshur County Public Library Board (Lee Dixon 6/30/04) County
- UC Safe Structures & Sites Ord. Board (Vacancy Jan. 2003-6/30/04) VFD Chief
- UC Safe Structures & Sites Ord. Board (Dr. Ramirez 6/30/04) Community-County
- UC Safe Structures & Sites Ord. Board (Jack Marteney 6/30/04) Community-County
- Upshur County Solid Waste Authority (Robert Wines 6/30/04) SCD
- Wes-Mon-Ty Resource Conservation District-County Appointment

With no further business, the meeting adjourned at 4:00 p.m.

COPY

UPSHUR COUNTY COMMISSION MEETING
AUGUST 29, 2002

The County Commission of Upshur County, West Virginia, held their regular meeting at the Courthouse Annex on Thursday, August 29, 2002, at 9:00 a.m. The meeting was called to order by Kenneth T. Davidson. There were present Kenneth T. Davidson, Commissioner; Donnie R. Tenney, Commissioner; Stephen P. Abel, Commissioner; William A. Parker, County Administrator and Terri Jo Bennett, Secretary. The meeting began with a moment of Silent Meditation, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

The minutes for August 15, 2002 were approved via the General Consent Rule.

Cathy Collins, E-911/OES Director, appeared before the Commission to provide an update/status report on the following issues:

1. Relocation of the Upshur County E-911 Center
2. Emergency Mitigation Planning Grant Budget
3. Hazard Mitigation Grant Program – time line and budget
4. Proposed call out procedure for the Upshur County Emergency Squad

After review by Cathy Collins, on motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission authorized the signing of the National Remembrance Day - September 11th proclamation. (copy included)

Rob Rupp, Upshur County Youth Council Executive Board Member appeared before the Commission and requested an executive session to discuss personnel. On motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission entered executive session per WV Code 6-9A-4 at 9:25 a.m. In attendance were Kenneth T. Davidson, Donnie R. Tenney, Stephen P. Abel, William A. Parker, Rob Rupp, Don Nestor, Christy Gaudet and Deborah Brockleman. No decisions were made in executive session and the Commission returned to open session at 9:30 a.m.

On motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission authorized the President to sign the termination agreement with Dominion-Upshur LLC. (copy included)

After review by William A. Parker, on motion by Donnie R. Tenney, seconded by Stephen P. Abel, The Commission authorized the President to sign the Workers Compensation Claim for Don Stemple, Deputy Sheriff.

After review by William A. Parker , on motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved the Petition Order for case #031402-01-Dave Nesbitt as requested by the Upshur County Safe Structures and Sites Enforcement Board. (copy included)

On motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission authorized the President to sign the Law Enforcement Mutual Assistance Agreement with Barbour County. (copy included)

On motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved the reappointment of Darren Dean to the Elkins Road PSD. (copy included)

After review, on motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved the request from the Upshur County Solid Waste Authority and Upshur County Litter Control Committee for the county to provide accounting/payroll.

William A. Parker provided an update/status report on the FFA Grants. On motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved AIP 03-54-0039-012-2002 in the amount of $418,230.00 and AIP 03-54-0039-011-2002 in the amount of $494,854.00 and authorized the president to sign the required grant documentation.

On motion by Donnie R. Tenney, seconded by Stephen P. Abel, the Commission approved the resignation of Christy Gaudet, SYC Director. (copy included)

The Commission provided an update/status report on the Local Option Economic Development Amendment. (copy included) Terri Jo Bennett advised that she has scheduled a representative from the All For One Committee to appear before the Commission to provide information on the amendment.

The Commission discussed the replacement of the Cleveland Avenue Bridge. (copy included)

Andy Losh, Coordinator for the WV Watch Program, appeared before the Commission and provided an update/status report.

The Commission approved the following requests to attend meetings: (copies included)

The Commission approved the following Consolidation of Land Tracts:

Mary & Michael Derico – Warren District
Raymond & Joyce Thorpe – Washington District
Beulah Riffle et al – Banks District
Stanley Miller – Warren District
Carl & Ruby Lawther – Banks District

Russell & Mona Potts – Meade District
Steven & Sherry Elbon – Washington District
Denver & Betty Caynor – Union District
John & Lori Meadows – Union District
Eruin & Madeline Skinner – Warren District
Claudie & Bessie Koon – Washington District
Edward & Shelia Shaffer – Union District
JW Kelley Inc – Union District
Bruce & Rosie Gibson – Union District
Jimmie & Ellen Woody – Union District
Oscar & Maxine Sayre – Banks District
Rudy Rowan – Buckhannon District
Deer Creek Ridge Development LLC – Buckhannon District
WL Goddin – Union District

The Commission approved the Invoices for payment.

The Commission approved all Vacation Orders.

The Commission approved the following Purchase Orders:

API - #03000105
George Wilson & Co Inc - #03000104
Debora Brockleman - #03000103
Government Services - #03000102
Amsterdam Printing - #03000101
State Electric Supply Co - #03000100
Galls Inc - #03000099
Jenkins Ford Mercury Inc - #03000098
NAPA Auto Parts - #03000097
Ralston Press - #03000096

The Commission recessed at 10:30 a.m.

The Commission reconvened at 1:30 p.m.

John Bowers and Tressie Depoy, James W. Curry Advisory Board members, appeared before the Commission to discuss the development of Curry Park.

The Commission received the following Information: (copies included)

1. Information on Amendment One
2. Information from the County Commissioners' Association – lottery proceeds
3. Correspondence from the WV Department of Transportation – Inspection report on the Cleveland Ave Bridge
4. Correspondence form the Supreme Court of Appeals – Rule 8(d) – Administrative rules of Magistrate Courts – Long Distance Reimbursement
5. Minutes: Elkins Road PSD
   James W. Curry Library & Park Advisory Board
   Upshur County Litter Control Committee
   Upshur County Public Library Board
6. Meetings:
   9/3/02 – 6:00 p.m. – Elkins Road PSD
   9/6/02 - 1:00 p.m. – Adrian PSD
   9/9/02 - 6:30 p.m. – Buckhannon-Upshur Parks & Recreation Board
   9/9/02 - 7:00 p.m. – UC FRN
   9/10/02 - 7:00 a.m. – Buckhannon-Upshur Airport Authority
   9/10/02 – 7:00 p.m. – UC Enhanced Emergency Telephone Advisory Board
   9/11/02 - 7:00 p.m. – UC Litter Control Committee
   9/12/02 - 6:00 p.m. – Upshur County Solid Waste Authority
   9/12/02 – 3:30 p.m. – Tennerton PSD
   9/12/02 - 6:30 p.m. – UCSS&S
   9/16/02 - 4:00 p.m. - Upshur County Youth Council
   9/16/02 – 7:00 p.m. - Upshur County Fair Board
   9/17/02 – 10:00 a.m. - Wes-Mon-Ty RC&D Board
   9/18/02 – 10:00 a.m. – James W. Curry Library & Park Advisory Board
   9/18/02 – 4:30 p.m. – Upshur County Public Library
   9/18/02 – 7:00 p.m. – Lewis-Upshur LEPC
   9/19/02 – 6:30 p.m. – Upshur County Youth Camp Board
   9/19/02 – 6:30 p.m. – Upshur County Fire Board
   9/23/02 – 7:00 p.m. – Region VII Planning & Development Council
7. Appointments Needed:
   Hodgesville PSD – (Ward 8/5/02) – County

James W. Curry Advisory Board – (Zickefoose 12/31/02) – County
Region VII Planning & Development Council – (Light 6/30/02) – County
Upshur County Civil Service Board – (Kitzmiller 12/31/02) – Deputy Assoc.
Upshur County Library Board – (Koury 6/30/02) – County
UC Safe Structures & Sites – (Gillum 6/30/02) – County-Community
Upshur County Youth Council – (Fabricatore 8/30/02) - County
Upshur County Youth Council – (Warner 8/30/02) – County
Wes-Mon-Ty RC&D – County appointment

With no further business, the meeting adjourned at 2:00 p.m.

ELKINS ROAD PUBLIC SERVICE DISTRICT
RT. 2 BOX 105
BUCKHANNON, W.VA. 26201
304-472-3008

Board of Directors

Leonard Dalkley
Carey Wagner
Darren Dean

August 23, 2002

Upshur County Commission
38 West Main Street
Buckhannon, WV 26201

Re: Darren Dean - Board of Director Appointment 9/2002

Dear Upshur County Commissioners,

On behalf of Elkins Road P.S.D., We hope that you will consider the reappointment of Darren Dean to The Board of Director for Elkins Road P.S.D. Mr. Dean's knowledge being a businessman and a resident of Upshur County has been a huge asset to Elkins Road P.S.D. He is very aware of the existing and continuing need for a safe water supply.

If you have any questions please call the office at 304-472-3008 Monday, Wednesday and Friday between 8:00 a.m. and 3:00 p.m.

Sincerely,

Connie Williams

Connie Williams - office manager
Elkins Road Public Service District

"This is an Equal Opportunity Program. Discrimination is prohibited by Federal Law, Complaints of discrimination may be filed with the Secretary of Agriculture, USDA, Washington, 20250-0700"

The County Commission of Upshur County, West Virginia, held their regular meeting at the Courthouse Annex on Thursday, September 21, 2000. The meeting was called to order by Donnie R. Tenney. There were present Donnie R. Tenney, President; Rick E. Rice, Commissioner; Joyce L. Harris-Thacker, Commissioner; and William A. Parker, Administrator and Terri Jo Bennett, Administrative Assistant. The meeting began with a moment of Silent Meditation, followed by the Pledge of Allegiance. All motions passed unanimously unless otherwise stated.

Cathy Collins, E-911 Director, appeared before the Commission to review the criteria/guidelines followed for rural addressing and street/road names. (copy included)

The Commission recessed at 10:10 a.m.

The Commission returned to open session at 11:00 a.m.

Amy Hall, Recreational/Youth Services Director, appeared before the Commission to provide an update/review of the income/expense report for the Upshur County Recreation Park. (copy included)

The Commission approved all Vacation Orders.

The Commission approved all Purchase Orders.

Dennis Cortez, county resident, appeared before the Commission to advise the Commission of the need for a ticket booth for the baseball field at the Upshur County Recreation Park. Gary Bailey is to follow-up.

The Commission recessed at 11:45 a.m.

The Commission reconvened at 1:15 p.m.

Amy Hall, Recreational/Youth Services Director, Don Ducas and Joe Zickefoose, Board Members of the James W. Curry Library and Park, appeared before the Commission to discuss the purchase of a mower for the Curry property. After discussion, Amy Hall is to follow-up and report back at the next meeting.

Amy Hall presented a resignation letter from Nettie Golden, Board Member of the James W. Curry Library and Park Board. After discussion, on motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission accepted the letter of resignation effective October 1, 2000. (copy included) Terri Jo Bennett is to send a letter of appreciation.

After discussion, the Commission directed William A. Parker to schedule interviews with the A/E Firms regarding the feasibility study/master plan for the James W. Curry Park and Library property.

On motion by Joyce L. Harris-Thacker, seconded by Rick E. Rice, the Commission approved the recommendation to re-appoint Carey Wagner to the Elkins Road PSD. (copy included)

After review by William A. Parker, on motion by Joyce L. Harris-Thacker, seconded by Rick E. Rice, the Commission authorized William A. Parker to lock-in natural gas prices on the proposal/agreement with V-P Energy Inc. (copy included)

After discussion, on motion by Rick E. Rice, seconded by Joyce L. Harris-Thacker, the Commission approved the recommendation from the State Tax Department to correct mineral account #49-01-001732-0-3001 as a clerical error. (copy included)

The Commission received the following Information: (copies included)

1. Correspondence from WVWC – Federal Work Study Program
2. Correspondence from State Emergency Response Commission – HMEP Grant $5,800.00
3. Correspondence from the Elkins Road PSD
4. Minutes:
   Upshur County Litter Control Board
   Upshur County Development Authority
   Tennerton PSD
   Hodgesville PSD
   James W. Curry Library & Park
5. Meetings:
   9/24/00 – 1:00 p.m. – Upshur County Republican Executive Committee Picnic
   9/25/00 – 7:00 p.m. – Region VII Planning & Development Council
   9/28/00 – 4:00 p.m. – Upshur County Abstinence Coalition
   9/29/00 – 7:30 a.m. – Upshur County Development Authority
   10/2/00 – 12:15 a.m. – Upshur County CEOS – Breast Cancer Awareness Program
   10/2/00 – 7:00 p.m. – Hodgesville PSD
   10/6/00 – 1:00 p.m. – Adrian PSD
   10/9/00 – 4:30 p.m. – Upshur County Solid Waste Authority
   10/9/00 - 6:00 p.m. – Buckhannon-Upshur Park & Recreation Board
   10/9/00 – 7:00 p.m. – Upshur County Family Resource Network
   10/10/00 – 7:00 a.m. – Buckhannon-Upshur Airport Authority
   10/10/00 – 6:00 p.m. – Elkins Road PSD
   10/11/00 – 7:00 p.m. – Upshur County Litter Control Board
   10/12/00 – 1:30 p.m. – Upshur County Policy Board
   10/12/00 – 3:30 p.m. – Tennerton PSD
   10/12/00 – 7:30 a.m. – Upshur County Development Authority
   10/16/00 – 7:00 p.m. – Upshur County Youth Council Inc. – SYC
   10/18/00 – 10:00 a.m. – James W. Curry Library & Park
   10/18/00 - 4:00 p.m. – Upshur County Public Library
   10/18/00 – 7:00 p.m. – Lewis-Upshur LEPC
   10/19/00 – 6:00 p.m. – Upshur County Youth Camp Board
   10/23/00 – 7:00 p.m. – Region VII Planning & Development Council
   10/26/00 – 4:00 p.m. – Upshur County Abstinence Coalition

6. Appointments needed:

Buckhannon-Upshur Airport Authority-(Vacancy 6/30/99)-City

Elkins Road PSD- (Carey Wagner 9/30/00)-County

Region VII Planning & Development Council – 1 position - County

Upshur County Civil Service Board- (Roy D. Law 12/31/00)-Bar Assoc.

With no further business, the meeting adjourned at 2:25 p.m.

October 1 2000

Mrs Mary Sheaver president of board of Trustees
James Curry Library & Park

Dear Mrs Sheaver
It is with regret that I have to inform the Board of my resignation from the Position of Trustee for the James W. Curry Library & Park
As I am getting to old to worry about what is Going on and I'm will be Going back to town soon
I know I will miss this board but I must resign because I cand help what has been going on I dont think I am needed when every thing has to be decided by the Commission
Yours with regret
Mrs Nettie Golden

P.S. I would like to nominate Donald Shingleton
Nettie

SEP-20-00 02:47 PM ELKINS ROAD PSD 3044722028 P.02

ELKINS ROAD PUBLIC SERVICE DISTRICT
RT. 2 BOX 105
BUCKHANNON, W.VA. 26201
304-472-3008
Fax 304-472-2028
August 1, 2000

Dear Upshur County Commissioners:

Elkins Road P.S.D. Board of Directors would like to recommend Corey Wagner for reappointment to the Board of Directors. She has done an excellent job of representing all the residents in the Elkins Road P.S.D.'s district.

Sincerely,
Leonard DeRico 8/1/00
Leonard DeRico
Chairman

TRANSACTION REPORT
AUG-09-00 01:37 PM
FOR: ELKINS ROAD PSD 3044722029
SEND

DATE	START	RECEIVER	PAGES	TIME	NOTE
AUG-09	01:56 PM	4722399	1	1'42"	OK

V - P Energy Inc.

5132 C MacCorkle Avenue SE • Charleston, WV 25304 • (304) 925-9125 • FAX (304) 925-9144

Mr. Donnie R. Tenney
Upshur County Commission
38 West Main Street
Buckhannon, WV 26201

September 12, 2000

Dear Donnie:

This letter is to advise you of important issues regarding you Natural Gas current and future situation. As you are aware, your renewal contract with VP Energy began July 1, 2000. The previously agreed upon term is for two years at a rate of NYMEX Plus 50.75/Dth. Back in February 2000, I sent you this renewal contract along with a letter stating my thoughts given the then current market conditions and future projections. It was my thought at the time that I would be able to convert you over to a fixed rate in the range of $3.35 - $3.45. Unfortunately, the market has continued a steady rise since then and we never reached that range. However, one sense of accomplishment that needs to be looked at is your NYMEX Plus rate of 50.75, also known as your "Basis Number." Currently, Basis is trading in the plus $1.15 - $1.25 range. Thankfully, you are secured at 50.75 through June 2002. Otherwise, your Natural Gas expense would be much higher.

Currently, the gas market has continued a very strong increase. In fact, since January 1, 2000 the market has increased 100%! Many factors are in play as to why this drastic increase has occurred, some of which being lower than historical storage levels, increased crude oil prices, and the "perception" of a supply/demand problem this winter. At any rate, the market will continue to increase until the spring of 2001. My job now is to minimize the effect this increase will have on you.

As for a plan for the present, we are anticipating a slight drop in the NYMEX to occur in mid October. At this point, my suggestion will be to convert your NYMEX Plus contract over to a Fixed Rate for the term November 1, 2000 through April 2001. As I said previously, the NYMEX will continue to increase the further we get into winter. Some predictions are that it will go well above $6.00/dth before it is all said and done. I do not suggest floating on the NYMEX this winter. Rather, it is my contention that we should hedge your supplies before this increase begins.

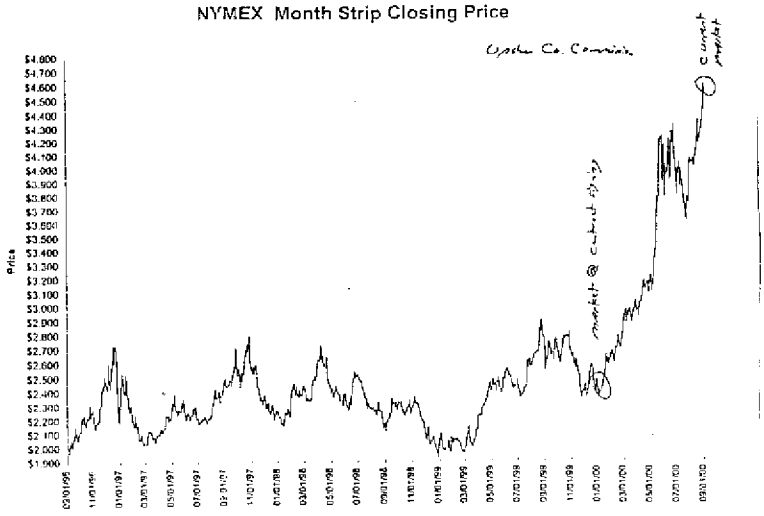
As far as the future, it is our belief that the market will come down in the spring of 2001. However, given where the market has gone to date, we are at a new "base level" for gas prices. I do not believe that we will see the NYMEX drop below $3.00 in the near future, if ever again. There simply is no reason for it to do so. Producers feel that they are finally getting their money's worth for their commodity. I will continue to monitor the market on your behalf, even though it has gotten extremely difficult to "predict" exactly what will happen, and advise you as to what I feel is in your best interests. The market is scary now and very volatile. However, there is still some control. I am keeping my commitment to you in that I will keep as much control as humanly possible.

I will be calling you in the near future regarding locking in starting November 1, 2000. It will be extremely important that you are in a position to give me the go-ahead within a day or two at the most. I want to make sure that my customers take advantage of a dip in the market before everyone else does, which will ultimately push it back up again. I have included a NYMEX graph for your file, which shows where the market has gone over the past year. As always, please feel free to call me directly at (304) 925-9125 with any questions you may have.

Sincerely,

Greg Duke
Regional Manager

NYMEX Month Strip Closing Price



UPSHUR COUNTY, WV
FILED
June 10, 2004 16:52:11

DEBBIE THACKER WILFONG
COUNTY CLERK
TRANSACTION NO: 2004006999

OATH OF OFFICE
Book: 00003 Page: 00098
Line: 00002

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, 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 ELKINS ROAD PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) x Carey A. Wagner
CAREY A WAGNER

Subscribed and sworn to before me, in said County and State, this 10TH day of JUNE, 2004
year

DEBBIE THACKER WILFONG
Clerk of the County Commission

BY Lisa J Reeder DEPUTY

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the 10TH day of JUNE, 2004, this Oath of Office was presented in the Clerk's Office of the County Commission of said County, and recorded according to law.
year

Teste: Debbie Thacker Wilfong
Clerk of the County Commission, Upshur County, West Virginia

COPY

UPSHUR COUNTY, WV
FILED
June 18, 2004 09:36:48

DEBBIE THACKER WILFONG
COUNTY CLERK
TRANSACTION NO: 2004007315

OATH OF OFFICE
Book: 00003 Page: 00099
Line: 00001

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, 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 ELKINS ROAD PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) X Leonard DeRico
LEONARD DERICO

Subscribed and sworn to before me, in said County and State, this 18TH day of JUNE, 2004
year

DEBBIE THACKER WILFONG
Clerk of the County Commission

BY Lisa J Reeder DEPUTY

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the 18TH day of JUNE, 2004, this Oath of Office was
year
presented in the Clerk's Office of the County Commission of said County, and recorded according to law.

Teste:
Clerk of the County Commission, Upshur County

COPY

BOOK 003 PAGE 100

UPSHUR COUNTY, WV
FILED
June 18, 2004 12:31:38

DEBBIE THACKER WILFONG
COUNTY CLERK
TRANSACTION NO: 2004007336

OATH OF OFFICE
Book: 00003 Page: 00100
Line: 00001

OATH OF OFFICE

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, 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 ELKINS ROAD PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) Leonard DeRico
LEONARD DERICO

Subscribed and sworn to before me, in said County and State, this 18TH day of JUNE, 2004 (year)

DEBBIE THACKER WILFONG
Clerk of the County Commission

BY Lisa J. Reeder DEPUTY

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the 18TH day of JUNE, 2004 (year), this Oath of Office was presented in the Clerk's Office of the County Commission of said County, and recorded according to law.

Teste: Debbie Thacker Wilfong
Clerk of the County Commission, Upshur County

UPSHUR COUNTY, WV
FILED
July 08, 2004 15:41:37

DEBBIE THACKER WILFONG
COUNTY CLERK
TRANSACTION NO: 2004008034

OATH OF OFFICE
Book: 00003 Page: 00100
Line: 00002

COPY

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR, 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 ELKINS ROAD PUBLIC SERVICE DISTRICT to the best of my skill and judgment SO HELP ME GOD:

(Signature of affiant) Darren Dean
DARREN DEAN

Subscribed and sworn to before me, in said County and State, this 8TH day of JULY, 2004 (year)

Debbie Thacker Wilfong
Clerk of the County Commission

BY Lisa J. Reeder DEPUTY

UPSHUR COUNTY, TO-WIT:

Be it remembered that on the 8TH day of JULY, 2004 (year), this Oath of Office was presented in the Clerk's Office of the County Commission of said County, and recorded according to law.

Teste: Debbie Thacker Wilfong
Clerk of the County Commission, Upshur County, West Virginia

RULES OF PROCEDURE

ELKINS ROAD PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: ELKINS ROAD PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at Route 2, Box 105, Upshur County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Elkins Road Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Upshur County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the second Wednesday 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 Upshur 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 Upshur 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 16th day of December, 2004.

THE RECORD DELTA
P.O. BOX 550
BUCKHANNON, WV 26201
(304) 472-2800
FEIN NO. 363672215

Steptoe & Johnson
Attorneys At Law
Bank One Center
PO Box 1588
Charleson WV 25326-1588

LEGAL ADVERTISEMENT INVOICE

ACCT# 6871 **LEGAL#** 4468

DESCRIPTION Notice of Public Hearing Elkins Road PSD

PUBICATION DATES	PUBLICATION COST
12/3/04	$ 56.70
	$ -
	$ -
	$ -
	$ -
	$ -
	$ -
AFFIDAVIT FEE	$ 2.00
TOTAL	$ 58.70

Legal Rate: .10 1/5 cents per word space for the first publication
75% of the first cost for each additional publication

AFFIDAVIT

STATE OF WEST VIRGINIA, COUNTY OF UPSHUR,
Carmela Rice, Legal Clerk of the Record Delta,
a Newspaper Published in Buckhannon in said county,
do hereby certify that the annexed

Notice of Public Hearing Elkins Road PSD

Was published once a week for One Time
weeks in said Record Delta Newspaper as aforesaid,
commencing on the. 3rd day of December, 2004

Legal Clerk: Carmela Rice

WEST VIRGINIA, UPSHUR COUNTY, TO WIT:
Subscribed and sworn before me this 6th
day of December 2004.

Notary Public: Phyllis J. Neuharth

My commission expires: May 26, 2013

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
PHYLLIS J. NEUHARTH
RT. 2, BOX 95
FRENCH CREEK, WV 26218
My Commission Expires May 26, 2013

NOTICE OF PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF ELKINS ROAD PUBLIC SERVICE DISTRICT TO ADOPT BOND RESOLUTION

A special meeting of the Public Service Board of the Elkins Road Public Service District (the "PSD") will be held to consider and adopt the following-entitled Resolution, and to take such other action as necessary in relation thereto, on Thursday, December 16, 2004, at 10:00 a.m., prevailing time, at the Districts offices at Rt 2, Box 105, Buckhannon, West Virginia, and at such meeting the Board shall consider and adopt such Resolutions entitled:

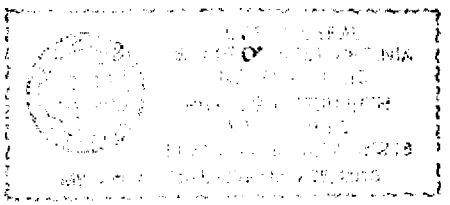
RESOLUTION AUTHORIZING THE ACQUSITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF ELKINS ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHER ISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $700,00 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $1,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

The above-quoted title of the Resolution describes generally the contents thereof and the purposes of the Bonds contemplated thereby. The proceeds of the Bonds will be used to provide permanent financing of a portion of the costs of (i) acquisition and construction of certain additions, betterments, improvements and extensions to the existing public waterworks system of the District and (ii) paying costs of issuance of the Bonds and related costs. The Bonds are payable solely from revenues to be derived from the ownership and operation of the waterworks system of the District.

At the meeting, the Board intends to adopt the Resolution and take such other actions as may be necessary in furtherance of the Project and the financing contemplated by the Resolution. Such meeting is open to the public.

Dated: December 3, 2004

Carey A Wagner
Secretary
(12-03)

THE RECORD DELTA P.O. BOX 550 BUCKHANNON, WV 26201 Phone: (304) 472-2800 FEIN No. 363672215 LEGAL ADVERTISING INVOICE	*STATE OF WEST VIRGINIA, COUNTY OF UPSHUR,§:* Bonita Swecker, Legal Clerk of the Record Delta, a Newspaper published in Buckhannon in said county, do hereby certify that the annexed *NOTICE OF PRE-FILING*
DATE January 30, 2004	Was published once a week for TWO successive weeks in said Record Delta newspaper as aforesaid, commencing on the *23rd* day of *JANUARY, 2004*
ELKINS ROAD PUBLIC SERVICE DISTRICT RR 2 Box 105 Buckhannon, WV 26201	LEGAL CLERK
Acct. No. 1165 Legal No. 4082	Printer's Fee $ 136.66
RE *NOTICE OF PRE-FILING*	*WEST VIRGINIA, UPSHUR COUNTY, TO WIT:*
January 23, 2004 $ 76.95 January 30, 2004 57.71 2.00 Affidavit Fee	Subscribed and sworn before me this 30th Day of JANUARY, 2004.
TOTAL AMOUNT $136.66	Notary Public
Legal Rate: .095 cents per word for the first Insertion 75% per insertion thereafter.	My commission expires:
MAKE CHECKS PAYABLE TO THE RECORD DELTA P.O. Box 550 Buckhannon, WV 26201	

NOTICE OF PRE-FILING

State of West Virginia
Public Service Commission
Charleston

Notice is hereby given that Elkins Road Public Service District, a public utility has give 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 potable water system extension project (Phase II WSI) to serve approximately 210 customers in the Vegan, Gormley, Nebo, Swamp Run, Sand Fork and Five Forks areas of Upshur County, West Virginia.

The project will consist of approximately, 14500 LF of 12", 60900 LF of 8", 71,500 LF of 6" and 12,120 LF of 2", 4 pressure reducing stations, one 200 gpm booster station, one 206,000 gallon water storage tank, and all necessary appurtenances.

The estimated total cost of the proposed project is anticipated not to exceed $4,999,220.00. The District intends to finance this project with a Grant from the West Virginia Infrastructure and Jobs Development Council in the amount of $750,600; a Grant from HUD Small Cities Black Grant in the amount of $ 1,500,000; a Grant from Rural Utilities Service in the amount of $1,728,000; a Loan from Rural Utilities Service in the amount of $500,000; and, a Loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $521,220. The District does not anticipate the need for interim financing for the project.

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

First 3,000 gallons used per month $7.47 per 1,000 gallons
Next 4,000 gallons used per month $6.57 per 1,000 gallons
Next 5,000 gallons used per month $4.81 per 1,000 gallons
All over 12,000 gals used per month $ 3.94 per 1,000 gallons

Minimum monthly bill for 3,000 gallons $22.40 per month

These rates represent the following increases.

	$ INCREASE	% INCREASE
Residential	$ 1.77	7.14% based upon 4,500 gal/month
Commercial	$2.76	6.01% based upon average usage
Industrial	N/A	N/A
Resale	N/A	N/A
Other	N/A	N/A

The District currently has no resale customers.

The proposed increased rates and charges will produce approximately $68,455 annually in additional revenue, an increase of 25.12%

The increases shown are based on averages of all customers in the indicated c lase. 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.

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

Elkins Road Public Service District, a public utility in Upshur County. Leonard Derico, Chairman.

(01-23, 30)

Elkins Road Public Service District
regular meeting
January 1, 2004

Meeting called to order by Chairman Leonard DeRico, Pledge of Allegiance, Roll call present, Chairman Leonard DeRico, Secretary Treasure Carey Wagner, Board Member Darren Dean, Maintenance Manager Neil Williams, Office Manager Connie Williams.
Recognize current customer-3 present. Unless otherwise noted all motions are passed 3-0.
Carey Wagner moved to approve minutes, Darren Dean seconded.
Election of officers, Carey Wagner moved to elect Leonard DeRico as Chairman, Darren Dean seconded. Leonard DeRico moved to elect Carey Wagner as secretary/treasurer Darren Dean seconded.
Treasure Report
Balance of account #131 as of January 1, 2004 = $18,174.61
Balance of account #132 as of January 1, 2004 = $110,605.42
Bills to date $17,892.65
Carey Wagner moved to approve treasure report and pay bills, Darren Dean seconded.
Maintenance Report Neil Williams met with Baughman Realty for appraisal on proposed tank site., met with David Dove WVA. PSC concerning Sand Run Estates routine maintenance being done.
Phase II - Chapman Technical has sent E.R.P.S.D. Phase II attorney William Thurman the documents for filling the pre filling notice, Carey Wagner moved to approve to proceed with the filling and requesting rate increase. Darren Dean seconded.
Holidays- Carey Wagner moved to approve the Holidays for 2004 with day for City election being a floating day. Darren Dean seconded.
Terry Cronin has requested a 6" line to his property and a fire hydrant, It was explained that if he would be responsible for the additional cost. Chapman will give an estimate and will call him. The cost would be paid before construction.
Next meeting will be Feb 3, 2004 at 7:00 a.m.

Approved by

Leonard DeRico, Chairman Carey Wagner, Secretary/Treasurer Darren Dean, Board member

ELKINS ROAD P.S.D.
JANUARY 2, 2004
regular meeting

PLEASE SIGN

Brian Hoffman - Chairman Technical Group.
Vera White - Homeowner
Michael Brann - Homeowner
Terry Conin - Homeowner
[illegible]
[illegible] - Landowner

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture), and
Series 2004 B (West Virginia Infrastruture Fund)

MINUTES ON ADOPTION OF BOND
RESOLUTION, SUPPLEMENTAL RESOLUTION AND RULES OF PROCECURE

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

*** *** ***

The Public Service Board of Elkins Road Public Service District met in special session, pursuant to notice duly posted, on the 16th day of December, 2004, at the District's offices in Buckhannon, West Virginia, at the hour of 10:00 a.m.

PRESENT:	Chairman	-	Leonard DeRico
	Secretary/Treasurer and Member	-	Carey A. Wagner
	Member	-	Darren Dean
ABSENT:	None.		

Leonard DeRico, Chairman, presided, and Carey A. Wagner, 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 proposed Rules of Procedure for consideration and there was discussion. Thereupon, upon motion duly made by Carey A. Wagner and seconded by Darren Dean, it was unanimously ordered that the said Rules of Procedure be adopted and be in full force and effect on and from the date hereof.

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF ELKINS ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND NOT MORE THAN $1,700,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Carey A. Wagner and seconded by Darren Dean, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2004 A (UNITED STATES DEPARTMENT OF AGRICULTURE) AND WATER REVENUE BONDS, SERIES 2004 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF ELKINS ROAD PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO

THE SERIES 2004 B BONDS; AUTHORIZING AND APPROVING THE SALE OF THE SERIES 2004 A BONDS TO THE UNITED STATES DEPARTMENT OF AGRICULTURE AND THE SERIES 2004 B BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by Carey W. Wagner and seconded by Darren Dean, it was unanimously ordered that the said Resolution be adopted and be in full force and effect on and from the date hereof.

*** *** ***

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

CERTIFICATION

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

WITNESS my signature on this 20th day of December, 2004.

Carey A Wagner
Secretary

12/09/04
255510.00001

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

NEW ISSUE REPORT FORM

Date of Report: December 20, 2004

ISSUE: Elkins Road Public Service District, Water Revenue Bonds, Series 2004 A (United States Department of Agriculture)

ADDRESS: Route 2, Box 105, Buckhannon, WV 26201 COUNTY: Upshur

PURPOSE OF ISSUE: New Money: X
Refunding: _____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: December 20, 2004

CLOSING DATE: December 20, 2004

ISSUE AMOUNT: $500,000

RATE: 4.50%

1ST DEBT SERVICE DUE: N/A

1ST PRINCIPAL DUE: N/A

1ST DEBT SERVICE AMOUNT: N/A

PAYING AGENT: None

BOND COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS COUNSEL: _____
Contact Person: _____
Phone: _____

CLOSING BANK: Bank One, NA
Contact Person: Sharon McNemar, Mgr.
Phone: (304) 472-4600

ESCROW TRUSTEE: _____
Contact Person: _____
Phone: _____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Connie Williams
Position: Office Manager
Phone: (304) 472-3008

OTHER: United States Department of Agriculture
Contact Person: Joe Crickenberger
Function: Rural Development Specialist
Phone: (304)636-2158

DEPOSITS TO MBC AT CLOSE:
By: _____ Wire
_____ Check

____ Accrued Interest: $_____
____ Capitalized Interest: $_____
____ Reserve Account: $_____
____ Other: _____ $_____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: _____ Wire
_____ Check
_____ IGT

____ To Escrow Trustee: $_____
____ To Issuer $_____
____ To Cons. Invest. Fund $_____
____ To Other: _____ $_____

NOTES: Monthly debt service payments will be made by the District directly to the National Finance Office. The Municipal Bond Commission will only hold the Series 2004 A Bonds Reserve Account.

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

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

NEW ISSUE REPORT FORM

Date of Report: December 20, 2004

ISSUE: Elkins Road Public Service District Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund)

ADDRESS: Route 2, Box 105, Buckhannon, WV 26201 COUNTY: Upshur

PURPOSE OF ISSUE: New Money: X
Refunding: ____

REFUNDS ISSUE(S) DATED: N/A

ISSUE DATE: December 20, 2004

CLOSING DATE: December 20, 2004

ISSUE AMOUNT: $1,509,788

RATE: 0%

1ST DEBT SERVICE DUE: December 1, 2006

1ST PRINCIPAL DUE: December 1, 2006

1ST DEBT SERVICE AMOUNT: $ 9,867.90

PAYING AGENT: Municipal Bond Commission

BOND
COUNSEL: Steptoe & Johnson PLLC
Contact Person: Vincent A. Collins, Esquire
Phone: (304) 624-8161

UNDERWRITERS
COUNSEL: Jackson Kelly PLLC
Contact Person: Samme L. Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK: Bank One, NA
Contact Person: Sharon McNemar, Mgr.
Phone: (304) 472-4600

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: Connie Williams
Position: Office Manager
Phone: (304) 472-3008

OTHER: West Virginia Infrastructure & Jobs Development Council
Contact Person: Katy Mallory, P.E.
Function: Executive Secretary
Phone: (304)558-4607

DEPOSITS TO MBC AT CLOSE:
By: ____ Wire ____ Check

____ Accrued Interest: $____
____ Capitalized Interest: $____
____ Reserve Account: $____
____ Other: ____ $____

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____ To Escrow Trustee: $____
____ To Issuer $____
____ To Cons. Invest. Fund $____
____ To Other: ____ $____

NOTES: ____

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

CL929261.1

34B

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.

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 A (United States Department of Agriculture)
and Series 2004 B (West Virginia Infrastructure Fund)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

Bank One, National Association, Buckhannon, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of the Elkins Road Public Service District (the "Issuer"), adopted December 16, 2004, and a Supplemental Resolution of the Issuer adopted December 16, 2004 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) and Series 2004 B (West Virginia Infrastructure Fund), both dated December 20, 2004, in the respective principal amounts of $500,000 and $1,509,788 (collectively, the "Bonds") and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 20th day of December, 2004.

BANK ONE, NATIONAL ASSOCIATION

By: Sharon McMahon VP
Its: Authorized Officer

05/05/04
255510.00001

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 B
(West Virginia Infrastructure Fund)

ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2004 B BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Elkins Road Public Service District Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), dated December 20, 2004, in the principal amount of $1,509,788 ("the Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 20th day of December, 2004.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

05/05/04
255510.00001

CL929373.1

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 B (West Virginia Infrastructure Fund)

CERTIFICATE OF REGISTRATION OF SERIES 2004 B BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Legislation and Registrar's Agreement providing for the above-captioned bond issue of the Elkins Road Public Service District (the "Issuer"), hereby certifies that on the date hereof, the single, fully registered Elkins Road Public Service District Water Revenue Bond, Series 2004 B (West Virginia Infrastructure Fund), of the Issuer, dated December 20, 2004, in the principal amount of $1,509,788, numbered BR-1, is registered as to principal only in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 20th day of December, 2004.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

05/05/04
255510.00001

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds,
Series 2004 B (West Virginia Infrastructure Fund)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of the 20th day of December, 2004, by and between ELKINS ROAD PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $1,509,788 Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund), in fully registered form (the "Series 2004 B Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted December 16, 2004, and a Supplemental Resolution of the Issuer duly adopted December 16, 2004 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Elkins Road Public Service District Route 2, Box 105 Buckhannon, West Virginia 26201 Attention: Chairman
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

ELKINS ROAD PUBLIC SERVICE DISTRICT

Chairman

THE HUNTINGTON NATIONAL BANK

Authorized Officer

12/09/04
255510.00001

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
900 Lee Street, 11th Floor
P. O. Box 633 WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF TRUSTEE'S FEES
Invoice Date December 20, 2004

Elkins Road Public Service District
Account Number 6089001809

Elkins Road Public Service District
Water Revenue Bonds, Series 2004 B
C/O John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

FEE CALCULATION FOR December, 2004

TOTAL AMOUNT	$	500.00
TOTAL DUE	**$**	**500.00**

* FEE INVOICES ARE PAYABLE WITHIN 30 DAYS. IF PAYMENT *
* IS NOT RECEIVED, FEES WILL BE DEDUCTED FROM THE PLAN *
* .. MAIL CHECK TO: HUNTINGTON NATIONAL BANK, ATTN: DEBRA . . *
* .. BOWDEN, PO BOX 633, CHARLESTON, WV 25322-0633 . . . . . *

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304)348-5035

State of West Virginia

RECEIVED OCT 2 0 2003

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

815 QUARRIER STREET, SUITE 418 CHARLESTON, WEST VIRGINIA 25301-2616
TELEPHONE 304-558-2981

(Water) **PERMIT**

PROJECT: Water System Extensions, Phase II PERMIT NO.: 15,818

LOCATION: near Buckhannon COUNTY: Upshur DATE: 10-16-2003

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Elkins Road Public Service District
Route 2, Box 105
Buckhannon, West Virginia 26201

is hereby granted approval to: install approximately 14,500 LF of 12", 60,900 LF of 8", 71,500 LF of 6", and 12,120 LF of 2" water line; four (4) pressure reducing stations; one (1) 200 G. P.M. duplex water booster station; one (1) 206,000 gallon water storage tank; and all necessary valves, controls and appurtenances.

Facilities are to serve approximately 290 customers at Vegan, Gormley, Nebo, Swamp Run and Five Furlis in the Elkins Road Public Service District.

NOTE: **This permit is contingent upon: 1) All new water line and the water storage being disinfected, flushed and bacteriologically tested, prior to use; 2) Maintaining a minimum ten (10) feet horizontal separation between sewer and water lines and a minimum 18" vertical separation between crossing sewer and water lines, with the water lines above the sewer line; and 3) Enclosing the proposed 206,000 gallon water storage tank and the proposed 200 G.P.M. water booster station with a minimum six (6) feet high fence with a locking gate.**

The Environmental Engineering Division of the Philippi District Office (304) 457-2296 is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:sec

pc: Chapman Technical Group
James W. Ellars, P.E., PSC-Engineering Division
Amy Swann, PSC
Upshur County Health Department
OEHS-EED Philippi District Office

RUS BULLETIN 1780-27
(Automated 8-97)

FORM APPROVED
OMB. No. 0575-0015

LOAN RESOLUTION
(Public Bodies)

A RESOLUTION OF THE **Board of Directors**

OF THE **Elkins Road PSD**

AUTHORIZING 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 **Water extension**

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

WHEREAS, it is necessary for the **Elkins Road 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 **FIVE HUNDRED THOUSAND AND XX / 100**

pursuant 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.

Public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Agriculture, Clearance Officer, OIRM, Room 404-W, Washington, DC 20250; and to the Office of Management and Budget, Paperwork Reduction Project (OMB No. 0575-0015), Washington, DC 20503.

11. To acquire and maintain suc .urance and fidelity bond coverage as may be require .he 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 $ **$ 1,728,000.00**

under the terms offered by the Government; that the **Leonard DeRico, 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.

The vote was: Yeas 3 Nays 0 Absent 0

IN WITNESS WHEREOF, the **Board of Directors** of the

Elkins Road PSD has duly adopted this resolution and caused it

to be executed by the officers below in duplicate on this 25th day of July 2002

Elkins Road PSD

(SEAL)

By Leonard DeRico

Leonard DeRico, Chairman

Attest: Carey Wagner

Title Chairman

Title Secretary

CERTIFICATION TO BE EXECUTED AT LOAN CLOSING

I, the undersigned, as Chairman of the **Elkins Road 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 25th day of July 2002; and that the foregoing resolution was adopted at such meeting

by the vote shown above, I further certify that as of December 20, 2004,

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 Dec. 20 day of 2004

Title Chairman

WATER OR WASTE SYSTEM GRANT AGREEMENT

UNITED STATES DEPARTMENT OF AGRICULTURE

RURAL UTILITIES SERVICE

THIS AGREEMENT dated December 20, 2004 ~~July 25, 2002~~ between
Elkins Road 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 **$ 4,999,220.00** and has duly authorized the undertaking of such project.

Grantee is able to finance not more than **$ 3,271,220.00** 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 **$ 3,271,220.00** has been committed to and by Grantee for such project development costs.

Grantor has agreed to grant the Grantee a sum not to exceed **$ 1,728,000.00** or **75%** 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 **34.6%** 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 XXXXXXXXXXXXXXXXXX as may be modified from time to time by *XXXXXX 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.

*as approved by the Public Service Commission of West Virginia.

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).
All real property associated with the Arden Public Service District distribution system.
Elkins Road

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 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 an 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).
None

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 **$ 1,728,000.00** which it will advance to Grantee to meet not to exceed **34.6%** 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

Chairman

and attested and its corporate seal affixed by its duly authorized

Secretary

Attest: Carey Wagner

By Secretary/Treasurer

(Title) _____

By Leonard Dekin

(Title) Chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By _____

(Title)

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: Carey A Wagner

(Title) Secretary

By: Leonard D. Rue

(Title) Chairman

UNITED STATES OF AMERICA

RURAL UTILITIES SERVICE

By: Joseph D. Cichocki Rural Development Specialist

(Title)

IC-2
(7/30/01)

GRANT AGREEMENT

This Grant Agreement entered into by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority"), on behalf of the WEST VIRGINIA INFRASTRUCTURE AND JOBS DEVELOPMENT COUNCIL(the "Council") and ELKINS ROAD PUBLIC SERVICE DISTRICT (the "Governmental Agency").

R E C I T A L S

WHEREAS, the Council has authorized the Authority to make a grant to the Governmental Agency in the amount not to exceed $1,050,000 (the "Grant") for the purposes of the design, acquisition or construction of a project for which a preliminary application has been submitted and approved by the Council;

WHEREAS, the Governmental Agency wishes to accept the Grant upon such terms and conditions as are hereinafter set forth for the purposes of designing, acquiring or constructing the project described in Exhibit A attached hereto and incorporated herein by reference (the "Project");

WHEREAS, this Grant Agreement sets forth the Council, the Authority and the Governmental Agency's understandings and agreements with regard to the Grant.

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

T E R M S

1. Prior to the distribution of the Grant, the Governmental Agency shall provide the Authority with a Project budget and an anticipated monthly draw schedule reflecting the receipt dates and amounts from other funding sources.

2. The Authority shall advance the Council's share of the Project costs from the Grant from time to time upon receipt of a requisition evidencing the costs incurred, which requisition must be satisfactory to the Authority.

3. The monthly requisition will also set forth (i) the amounts requested for that requisition period from all other funding agencies, and (ii) the amounts advanced for the Project to date from all other funding agencies.

4. The Governmental Agency will use the proceeds of the Grant only for the purposes specifically set forth in Exhibit A.

5. The Governmental Agency shall comply with and is bound by the Council's rules set forth as Title 167, Series 1 and more particularly Section 5.9 with respect to the sale of the Project.

6. The Governmental Agency acknowledges that the Grant may be reduced, from time to time, to reflect actual Project costs and availability of other funding.

7. The Governmental Agency shall list the Grant provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any groundbreaking or dedication of the Project.

8. This Grant Agreement shall be governed by the laws of the State of West Virginia.

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

ELKINS ROAD PUBLIC SERVICE DISTRICT

By: _____
Its: Chairperson
Date: December 20, 2004

(SEAL)

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

By: _____
Its: Director
Date: December 20, 2004

(SEAL)

Attest:

_____
Its: Secretary-Treasurer

000832/00466
12/06/04

Exhibit A

Project Description

The Project consists of construction of a potable water extension to provide water service to approximately 263 customers in Vegan, Gormley, Nebo, Swamp Run, Sand Fork and Five Forks area of Upshur County, West Virginia, together with all appurtenant facilities.

STATE OF WEST VIRGINIA

SMALL CITIES BLOCK GRANT AWARD

THIS IS TO CERTIFY THAT A GRANT OF $1,500,000 HAS BEEN AWARDED TO THE *UPSHUR COUNTY COMMISSION* TO EXTEND WATER SERVICE TO THE VEGAN/GORMLEY AND SWAMP RUN/FIVE FORKS AREAS

BOB WISE
GOVERNOR

COPY

THIS AGREEMENT, made this 1st day of December, 2004, by and between the WATER BOARD OF THE CITY OF BUCKHANNON, hereinafter referred to as the "City", and the ELKINS ROAD PUBLIC SERVICE DISTRICT, a public corporation, hereinafter referred to as the "District",

WHEREAS, by Agreement dated September 10, 1979, the City agreed to furnish to the District water from its water distribution system in such quantity as may be required by the District, but not to exceed one hundred nineteen thousand (119,000) gallons per day; and by Agreement dated September 22, 1997, the City agreed to furnish an additional fifty thousand (50,000) gallons of water per day;'and

WHEREAS, the District is constructing a Phase II Extension to the water distribution system, which will require the District to obtain an additional thirty-one thousand (31,000) gallons of water per day from the City in order to serve the District's prospective customers; and

WHEREAS, the parties hereto have agreed to a modification of the September 10, 1979 and September 22, 1997 agreements in order to provide for the necessary additional quantity of water to be obtained by the District from the City, and now desire to set forth the agreed modification to said agreement in writing;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

It is agreed by and between the City and the District as follows:

FIRST: That their agreements dated September 10, 1979 and September 22, 1997, copies of which are hereto attached and expressly made a part of this modification agreement, are hereby modified, changed and altered as follows:

"FIRST: The City covenants and agrees as follows:

"(1) QUALITY AND QUANTITY: To furnish the District, at the point of delivery herein specified, during the term of this agreement or any renewal or extension thereof, potable treated water meeting applicable purity standards of the West Virginia Department of Environmental Services in such quantity as may be required by the District, but not to exceed two hundred thousand (200,000) gallons per day."

SECOND: PRICE FOR ADDITIONAL WATER FURNISHED:

The District covenants and agrees with the City as follows:

To pay to the City the sum of One Dollar and Seven Cents ($1.07) for each one thousand (1,000) gallons of water furnished by the City to the District under the terms of this

agreement and the September 10, 1979 agreement, with said amount subject to increase in accordance with the provisions of the September 10, 1979 agreement.

THIRD: TERM:

The September 10, 1979 agreement was for a period of forty (40) years from date of the initial delivery of any water furnished by the City to the District. The parties hereto agree that the date of the initial delivery of water furnished by the City to the District was May 1, 1981, and therefore, the September 10, 1979 agreement was for a period of forty (40) years from May 1, 1981, or until May 1, 2021. The parties agree that the term of this modification agreement shall be from the date of this agreement until December 16, 2044.

FOURTH: Except as herein modified, the September 10, 1979 and September 22, 1997 agreements between the City and the District shall remain in full force and effect and binding upon the parties hereto.

FIFTH: This agreement shall be filed with and subject to the approval of the West Virginia Public Service Commission prior to its being effective and binding upon the parties.

IN WITNESS WHEREOF, the parties hereto have caused this agreement to be duly executed in three counterparts, each of which shall constitute an original, this 1st day of December, 2004.

THE WATER BOARD OF THE CITY OF BUCKHANNON

By: James W. Knotts III
Its Chairman and Mayor of the City of Buckhannon

ATTEST:

Nancy A. Shobe
Secretary

ELKINS ROAD PUBLIC SERVICE DISTRICT,
a public corporation

By: Leonard M. Cogar
Its Chairman

ATTEST:

Carey A. Wagner
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF UPSHUR, TO-WIT:

The foregoing instrument was acknowledged before me this 13 day of Dec, 2004, by James W Knorr III, as Chairman of the Water Board of the City of Buckhannon, and as Mayor of the City of Buckhannon, a municipal corporation, on behalf of the corporation.

My commission expires June 20 2010.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
AMBERLE JENKINS
RT. 1, BOX 208A
BUCKHANNON, WV 26201
My Commission Expires June 20, 2010

Amberle Jenkins
Notary Public

STATE OF WEST VIRGINIA,

COUNTY OF UPSHUR, TO-WIT:

The foregoing instrument was acknowledged before me this 8th day of December, 2004, by Leonard M. DeRico, as Chairman of the Elkins Road Public Service District, a public corporation, on behalf of the corporation.

My commission expires August 13, 2007.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
PAMELA J. THURMAN
RR 3, BOX 245
BUCKHANNON, WV 26201-9435
My Commission Expires August 13, 2007

Pamela J. Thurman
Notary Public

This instrument was prepared by William C. Thurman, Attorney at Law, Route 3, Box 245 CC, Buckhannon, West Virginia, 26201, without examination of title or report.

COPY

THIS AGREEMENT, made this 22nd day of September, 1997, by and between the WATER BOARD OF THE CITY OF BUCKHANNON, hereinafter referred to as the "City", and the ELKINS ROAD PUBLIC SERVICE DISTRICT, a public corporation, hereinafter referred to as the "District",

WHEREAS, by Agreement dated September 10, 1979, the City agreed to furnish to the District water from its water distribution system in such quantity as may be required by the District, but not to exceed one hundred nineteen thousand (119,000) gallons per day; and,

WHEREAS, the District is constructing an extension to its water distribution system, which will require the District to obtain an additional fifty thousand (50,000) gallons of water per day from the City in order to serve the District's prospective customers; and,

WHEREAS, the parties hereto have agreed to a modification of the September 10, 1979 agreement in order to provide for the necessary additional quantity of water to be obtained by the District from the City, and now desire to set forth the agreed modification to said agreement in writing;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

It is agreed by and between the City and the District as follows:

FIRST: That their agreement dated September 10, 1979, a copy of which is hereto attached and expressly made a part of this modification agreement, is hereby modified, changed and altered as follows:

"FIRST: The City covenants and agrees as follows:

"(1) QUALITY AND QUANTITY: To furnish the District, at the point of delivery herein specified, during the

term of this agreement or any renewal or extension thereof, potable treated water meeting applicable purity standards of the West Virginia Department of Environmental Services in such quantity as may be required by the District, but not to exceed One Hundred Sixty Nine Thousand (169,000) gallons per day."

SECOND: PRICE FOR ADDITIONAL WATER FURNISHED:

The District covenants and agrees with the City as follows:

To pay to the City the sum of One Dollar and Seven Cents ($1.07) for each one thousand (1,000) gallons of water furnished by the City to the District under the terms of this agreement and the September 10, 1979 agreement, with said amount subject to increase in accordance with the provisions of the September 10, 1979 agreement.

THIRD: TERM:

The September 10, 1979 agreement was for a period of forty (40) years from date of the initial delivery of any water furnished by the City to the District. The parties hereto agree that the date of the initial delivery of water furnished by the City to the District was May 1, 1981, and therefore, the September 10, 1979 agreement was for a period of forty (40) years from May 1, 1981, or until May 1, 2021. The parties agree that the term of this modification agreement shall be from the date of this agreement until May 1, 2021.

FOURTH: Except as herein modified, the September 10, 1979 agreement between the City and the District shall remain in full force and effect and binding upon the parties hereto.

FIFTH: This agreement shall be filed with, and subject to the approval of the West Virginia Public Service Commission prior to its being effective and binding upon the parties.

Copy

IN WITNESS WHEREOF, the parties hereto, have caused this agreement to be duly executed in three counterparts, each of which shall constitute an original, this 22nd day of September, 1997.

THE WATER BOARD OF THE CITY OF BUCKHANNON

By: Elizabeth J. Poundstone
Its Chairman and Mayor of the City of Buckhannon

ATTEST:
Nancy C. Shobe
Secretary

ELKINS ROAD PUBLIC SERVICE DISTRICT, a public corporation

By: Andy Hood
Its Chairman

ATTEST:
Secretary

STATE OF WEST VIRGINIA,

COUNTY OF UPSHUR, to-wit:

The foregoing instrument was acknowledged before me this 15th day of December, 1997, by Elizabeth J Poundstone, as Chairman of the Water Board of the City of Buckhannon, and as Mayor of the City of Buckhannon, a municipal corporation, on behalf of the corporation.

My commission expires: June 20 2000.

Notary Public

STATE OF WEST VIRGINIA,

Copy

COUNTY OF UPSHUR, to-wit:

The foregoing instrument was acknowledged before me this 5 day of January, 1998, by Andy Lash, as Chairman of the Elkins Road Public Service District, a public corporation, on behalf of the corporation.

My commission expires: June 26, 2007.

Connie M. Williams
Notary Public

This instrument was prepared by Robert J. Wallace, Coleman and Wallace, Attorneys at Law, Buckhannon, West Virginia 26201.
LXXII-17

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
CONNIE M. WILLIAMS
HC-71, BOX 81
ELLAMORE, WV 26267
My Commission Expires June 26, 2007

Copy

THIS AGREEMENT, made this 10th day of September, 1979, by and between the WATER BOARD OF THE CITY OF BUCKHANNON, hereinafter referred to as the "City", and the ELKINS ROAD PUBLIC SERVICE DISTRICT, a public corporation, hereinafter referred to as the "District",

WHEREAS, the District has been organized and created under the provisions of Chapter 16, Article 13-A of the West Virginia Code, as amended, for the purpose, among other things, of constructing and operating a water distribution system, serving water users within the areas described in plans now on file in the office of the District, and to accomplish this purpose, the District will require a supply of treated water; and,

WHEREAS, the City owns and operates a water distribution system, with capacity currently capable of serving present customers of the City system and the estimated number of water users to be served by the District, as shown in the plans of the District, now on file in the office of the District; and,

WHEREAS, the Water Board of the City of Buckhannon has duly authorized the sale of water to the District and has further authorized the execution of this agreement by the Chairman of the Water Board of the City of Buckhannon; and,

WHEREAS, the District, by resolution duly enacted, has authorized the purchase of water from the City in accordance with the terms of this agreement, and has further authorized the execution of this agreement by the Chairman of the Board of Directors of the District;

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

FIRST: The City covenants and agrees as follows:

(1) QUALITY AND QUANTITY: To furnish the District, at the point of delivery herein specified, during the term of this agreement or any renewal or extension thereof, potable

treated water meeting applicable purity standards of the State Board of Health (or other cognizant agencies) in such quantity as may be required by the District, but not to exceed One Hundred Nineteen Thousand (119,000) gallons per day. Copy

(2) POINT OF DELIVERY AND PRESSURE: To furnish water at a reasonably constant normal pressure (insofar as equipment and system of the City permits the same) from an existing six (6) inch main supply line, at the master meter facilities which will be located within the right of way of the West Virginia Department of Highways, on United States Route 33 East, in the general vicinity of what is now Baileys' Drive-In and Basin Surveys, Inc., at Station 0+00 of the water distribution system of the District, in Deanville, Upshur County, West Virginia. If a water pressure greater than normally available at the point of delivery is required by the District, the cost of providing such increased water pressure shall be borne by the District. It is expressly understood and agreed by and between the parties hereto that the City makes no guaranties or commitments as to the pressure that it will maintain at the point of delivery other than that the City will take no action to willfully interfere with the pressure which is otherwise available in the City water system at the point of delivery, unless such action may be due to emergency reasons, or for purposes of repair or maintenance.

(3) BILLING PROCEDURE: To furnish the treasurer of the District, or such other office or officer as may be directed by the District, at such address as may be directed, not later than the 15th day of each month, with an itemized statement of the amount of water furnished to the District during the preceding month.

SECOND: The District covenants and agrees as follows:

(1) RATES AND PAYMENT DATE: To pay to the City, not later than the 30th day of each month, for water delivered by the

Copy

City to the District during the preceding month in accordance with the following schedule of rates:

(a) Forty-five cents (45¢) for each one thousand (1,000) gallons of water furnished by the City to the District.

It is expressly understood and agreed by and between the parties hereto that the City shall not increase said rate during the term of this Agreement or any renewal or extension thereof, unless the City obtains approval of the Public Service Commission of the State of West Virginia. However, it is expressly understood and agreed that the City shall have the right to petition the Public Service Commission for an increase in said rate if its costs in providing water under this agreement increase materially or in connection with any application for an increase in its general rate tariff.

(2) CONNECTION FEE: To pay to the City the actual costs of the City in connecting the system of the District into the system of the City. The City agrees to furnish to the District a statement showing its actual costs.

THIRD: It is further mutually agreed by and between the parties hereto as follows:

(1) TERM OF CONTRACT: This contract shall extend for a period of forty (40) years from the date of the initial delivery of any water by the City to the District, and thereafter may be renewed and extended for such term, or terms, as may be agreed upon by the City and the District.

(2) DELIVERY OF WATER: It is agreed that sixty (60) days prior to the estimated date of completion of construction of the District's water distribution system, the District will notify the City, in writing, of its anticipated date for initial delivery of water.

(3) WATER TESTING: When requested by the District, the City will make available to the District's contractor at point

COPY

of delivery or other point reasonably close thereto, water sufficient for testing, flushing, and trench filling the system of the District during construction, irrespective of whether any metering equipment has been installed at that time, at a flat charge of Fifty Dollars ($50.00), which will be paid by the contractor, or on his failure to pay, by the District.

(4) FAILURE TO DELIVER: The City will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the District with quantities of water required by the District. Temporary or partial failure to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the City is otherwise diminished over an extended period of time, the supply of water to District consumers shall be reduced or diminished in the same ratio or proportion as the supply to City consumers is reduced or diminished. Notwithstanding anything herein contained to the contrary, the City shall not be liable to the District or any of its customers for interruption in water deliveries caused by any breaks or leaks in its water mains or for any other reason or cause beyond the control of the City.

(5) METERING EQUIPMENT: It is agreed that the City will furnish and install, at the point where the system of the District is connected into the system of the City, or at such other locations as may be deemed necessary and convenient by the City, master metering equipment, and required devices of standard type for properly measuring the quantity of water delivered to the District, and to calibrate such metering equipment whenever requested by the District, but not more frequently than once every twelve (12) months. A meter registering not more than two percent (2%) above or below the test result shall be deemed to

COPY

be accurate. The previous readings of any meter disclosed by tests to be inaccurate shall be corrected for one-half (1/2) of the number of months since the last such test, but in no event to exceed six (6) months, in accordance with the percentage of inaccuracy found by such test. If any meter fails to register for any period, the amount of water furnished during such period shall be deemed to be the amount of water delivered in a corresponding period immediately prior to the failure, unless the City and the District shall agree upon a different amount. The metering equipment shall be read on or about the tenth (10th) day of each month. An appropriate official of the District, at all reasonable times, shall have access to the metering equipment for the purpose of verifying its readings. It is agreed that the City will furnish all labor and materials for said installation, including such metering equipment as may be necessary, and that the District shall reimburse the City for the actual costs of the same.

(6) MODIFICATION OF CONTRACT: It is agreed that this contract may be altered or modified by mutual agreement between the parties, with the exception that any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder or in the operation of the City water system as a whole and shall not be made without the approval of the Public Service Commission of the State of West Virginia, or such other State regulatory agency that may have jurisdiction over rates charged for water furnished by the City.

(7) REGULATORY AGENCIES: That this contract is subject to such rules, regulations, or laws as may be imposed upon or made applicable to similar agreements in the State of West Virginia by regulatory agencies of the State of West Virginia, and the City and the District will collaborate in obtaining such

COPY

permits, certificates, or the like, as may be required to comply therewith.

(8) MISCELLANEOUS: That the construction of the water distribution system by the District is being financed by a loan made or insured by, and/or a grant from, the United States of America, acting through the Farmers Home Administration of the United States Department of Agriculture, and by a grant from the Appalachian Regional Commission and the provisions hereof pertaining to the undertakings of the District are conditioned upon the approval, in writing, of the State Director of the Farmers Home Administration for the State of West Virginia, and upon the granting of such funds by the Appalachian Regional Commission. Any modification of the provisions of this contract, including any increase in the schedule of rates to be paid by the District for the delivery of water, shall be conditioned upon the prior approval, in writing, of the State Director of the Farmers Home Administration for the State of West Virginia, or by the Public Service Commission of the State of West Virginia.

(9) SUCCESSOR TO THE DISTRICT: That in the event of any occurrence rendering the District incapable of performing under this contract, any successor of the District, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the District hereunder.

(10) DEFAULT BY DISTRICT: In the event the District fails to pay for water when billed by the City and remains in default for a period of thirty (30) days after receipt of written notice from the City of non-payment, or if the District materially breaches this Agreement in any other respect and remains in default for a period of thirty (30) days after receipt of written notice of such default, the City may terminate providing water hereunder to the District until such default is cured. No such

COPY

termination of service shall be made until individual customers of the District are given at least ten (10) days notice by the City of its intention to discontinue service to the District. Such notice to individual customers may be served personally or may be provided by publication in a newspaper of general circulation in Upshur County, West Virginia.

IN WITNESS WHEREOF, the parties hereto, have caused this contract to be duly executed in three counterparts, each of which shall constitute an original, this 10th day of September 1979.

THE WATER BOARD OF THE CITY OF BUCKHANNON

By: William R. Kittle
Its Chairman and Mayor of the City of Buckhannon

ATTEST:

Elizabeth G. Houndshell
Secretary

ELKINS ROAD PUBLIC SERVICE DISTRICT, a public corporation

By: [signature]
Its Chairman

ATTEST:

Sandra M. Keslick
Secretary

copy

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

I, Robert J Wallace, a Notary Public in and for said County and State, do hereby certify that William R. Short, who signed the foregoing Agreement, bearing date the 10th day of September, 1979, as Chairman of the Water Board of the City of Buckhannon, and as Mayor of the City of Buckhannon, a municipal corporation, has this day, in my said County and State, before me, acknowledged the said writing to be the act and deed of said Board and corporation.

Given under my hand this 10th day of September, 1979.

My commission expires: the 22ND day of December, 1979.

Robert J. Wallace
Notary Public

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

I, Robert J Wallace, a Notary Public in and for said County and State, do hereby certify that Jimmie R. Woody, who signed the foregoing Agreement, bearing date the 10th day of September, 1979, as Chairman for the Elkins Road Public Service District, a public corporation, has this day, in my said County and State, before me, acknowledged the said writing to be the act and deed of said corporation.

Given under my hand this 10th day of September, 1979.

My commission expires: the 22ND day of December, 1979.

Robert J Wallace
Notary Public

This instrument was prepared by Norman T. Farley, Coleman and Wallace, Attorneys at Law, Buckhannon, West Virginia 26201.

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **December 20, 2004**

Re: **Elkins Road Public Service District Water Revenue Bonds, Series 2004 A (United States Department of Agriculture) and Water Revenue Bonds, Series 2004 B (West Virginia Infrastructure Fund)**

---

1. DISBURSEMENTS TO ELKINS ROAD PUBLIC SERVICE DISTRICT

A.

Payor:	United States of America, Department of Agriculture
Source:	Series 2004 A Bond Proceeds
Amount:	$8,000
Form:	ACH Transfer
Payee:	Elkins Road Public Service District
Bank:	Bank One, National Association, Buckhannon, WV
Routing #:	044000037
Account #:	625971809
Contact:	Sharon McNemar (304-472-4600)
Account:	Series 2004 Bonds Construction Trust Fund

B.

Payor:	West Virginia Infrastructure Fund
Source:	Series 2004 B Bond Proceeds
Amount:	$65,661
Form:	Wire Transfer
Payee:	Elkins Road Public Service District
Bank:	Bank One, National Association, Buckhannon, WV
Routing #:	044000037
Account #:	625971809
Contact:	Sharon McNemar (304-472-4600)
Account:	Series 2004 Bonds Construction Trust Fund

State of West Virginia

WATER DEVELOPMENT AUTHORITY

180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

BOND CLOSING ATTENDANCE LIST

Date December 20, 2004 Time 10:00 a.m. LGA Elkins Road PSD Program IF/RUS

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
John Stump	Steptoe & Johnson	304.353.8196	304.353.8181	stumpj@steptoe-johnson.com
BERNIE YonKosky	WV WDA	304-558-3612	304 558-0299	dyonkosky@wvwda.org
Doug Old	WV WDA	304-558-3612	304-558-0299	Dold@wvwda.org
Franki Parsons	Jackson Kelly PLLC	304·340·1283	304·340·1093	fparsons@jacksonkelly.com
[illegible]	Jackson Kelly PLLC	304 [illegible]	304 [illegible]	[illegible]

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Connie Williams, Manager Telephone 304.472.3008 E-Mail N/A
Address Route 2, Box 105 Buckhannon West Virginia

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

ELKINS ROAD PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2004 A
(United States Department of Agriculture)

RECEIPT OF DEPOSITORY BANK

I, Sharon McNemar, the undersigned duly authorized representative of Bank One, West Virginia, National Associate, Buckhannon, West Virginia (the "Bank"), hereby certify that on December 20, 2004, the Bank received an automated transfer in the amount of $8,000 to the credit of the Waterworks Project Construction Account, Public Construction Account, Account Number 625971809.

WITNESS my signature on this 20th day of December, 2004.

BANK ONE, WEST VIRGINIA, NATIONAL ASSOCIATE, BUCKHANNON, WEST VIRGINIA

By: Sharon McNemar VP
Its: Authorized Officer

12/09/04
255510.00001

ACORD CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 12/08/2004

PRODUCER (304)269-3095 FAX (304)269-5523
G.J. Garton Insurance Agency, Inc.
400 U.S. Highway 33 East
Weston, WV 26452-7051

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Elkins Road Public Service District
Rt. 2 Box 105
Buckhannon, WV 26201

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: Westfield	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	CMP 5039244	09/05/2004	09/05/2005	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ $ 5,000 $ $ 2,000,000 $ 1,000
A		AUTOMOBILE LIABILITY ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS	CMP 5039244	09/05/2004	09/05/2005	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 500,000 $ $ $
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
		EXCESS/UMBRELLA LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE AGGREGATE	$ $
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS / OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

Water Distribution

CERTIFICATE HOLDER

Elkins Road PSD
Rt 2 Box 105
Buckhannon , WV 26201

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Received Time Dec 10 9:24AM

Westfield Companies
One Park Circle PO Box 5001
Westfield Center OH 44251-5001

COMMERCIAL PACKAGE POLICY
RENEWAL
COMMON POLICY DECLARATIONS

COMPANY PROVIDING COVERAGE	WESTFIELD INSURANCE COMPANY			
NAMED INSURED AND MAILING ADDRESS	AGENCY	47-05010	PROD.	000

ELKINS ROAD PUBLIC
SERVICE DISTRICT
RT 2 BOX 105
BUCKHANNON WV 26201

G.J. GARTON INS AGENCY, INC.
400 US HIGHWAY 33 EAST
WESTON WV 26452-7051
TELEPHONE 304-269-3095

JUL 0 6 2004

Policy Number: CWP S 039 244 |01| WIC Account Number: 4700794313 | S

Policy Period From 09/05/04 To 09/05/05 at 12:01 A.M. Standard Time at your mailing address shown above.

Business: WATER DISTRIBUTION Named Insured is: PUBLIC SERVICE

In return for the payment of the premium, and subject to all terms of this policy, we agree with you to provide the insurance as stated in this policy.

THIS POLICY CONSISTS OF THE FOLLOWING COVERAGE PARTS

COMMERCIAL PROPERTY COVERAGE PART	$	1,779.00
COMMERCIAL GENERAL LIABILITY COVERAGE PART	$	1,016.00
COMMERCIAL AUTO COVERAGE PART	$	101.00
TERRORISM INSURANCE COVERAGE	$	20.00
Policy Annual Premium	$	2,916.00
West Virginia Surcharge	$	29.16
Total Advance Annual Policy Premium	$	2,945.16

The above is a summary of your coverages. For more detail, please refer to the individual coverage parts inside your policy.

Forms and Endorsements applicable to all coverage parts:
IL0019 0488 , IL0017 1198 , ID7004 0893 , IL0003 0702*.

COUNTERSIGNED: _____ BY _____
Date Authorized Representative

CWP S 039 244 CWP CWP CWP CWP

Westfield Companies
One Park Circle PO Box [illegible]
Westfield Center OH 44251-5001

RENEWAL
GENERAL LIABILITY DECLARATIONS

COMPANY PROVIDING COVERAGE	WESTFIELD INSURANCE COMPANY			
NAMED INSURED AND MAILING ADDRESS	AGENCY	47-05010	PROD.	000
ELKINS ROAD PUBLIC SERVICE DISTRICT RT 2 BOX 105 BUCKHANNON WV 26201	G.J. GARTON INS AGENCY, INC. 400 US HIGHWAY 33 EAST WESTON WV 26452-7051 TELEPHONE 304-269-3095			

Policy Number: CWP 5 039 244 |01| WIC Account Number: 4700794313 | S

Policy Period From 09/05/04 To 09/05/05 at 12:01 A.M. Standard Time at your mailing address shown above.

LIMITS OF INSURANCE -

General Aggregate Limit (Other Than Products/Completed Operations)		$2,000,000
Products/Completed Operations Aggregate Limit		$1,000,000
Personal & Advertising Injury Limit (Per Person Or Organization)		NO COVERAGE
Each Occurrence Limit		$1,000,000
Damage to Premises Rented to You Limit	(Any One Premises)	NO COVERAGE
Medical Expense Limit	(Any One Person)	$5,000

TOTAL ADVANCE ANNUAL GENERAL LIABILITY PREMIUM $1,016.00

Deductible Liability Insurance Applies

Forms And Endorsements Applicable To This Coverage Part:
CG2250 1188 , CG2142 0196*, CG2162 0998 , CG2149 0999 , CG2167 0402 ,
CG0300A 0196*, CG0001 1001 , IL0021 0702 , CG7003 0202 , CG7000 1298 ,
CG2503 0397 , CG2504 0397 , CG2147 0798 , CG2662 0902 , CG2138 1185 ,
CG2145 0798 , CG0062 1202*, CG2170 1102 , CG7017 1298 .

CWP 503 92 44