$3,185,000
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2006

DATE OF CLOSING: NOVEMBER 15, 2006

BONDS TRANSCRIPT

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GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2006

Date of Closing: November 15, 2006

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GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS,
SERIES 2006

BOND RESOLUTION

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GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REFUNDING REVENUE BONDS, SERIES 1996 OF GREENBRIER PUBLIC SERVICE DISTRICT NO. 1; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2006, OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $4,000,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, Greenbrier Public Service District No. 1 (the "Issuer") presently owns and operates a public sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of several series of bonds, of which there are presently outstanding the Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, originally issued in the aggregate principal amount of $4,420,000, of which approximately $3,420,000 is presently outstanding (the "Series 1996 Bonds"), and the Sewer Revenue Bonds, Series 1983 B, dated June 23, 1983, originally issued in the aggregate principal amount of $910,000, of which $344,324 is presently outstanding (the "Series 1983 B Bonds");

WHEREAS, the Series 1996 Bonds were issued pursuant to a resolution adopted by the Issuer on June 10, 1996, as amended and supplemented by a resolution (collectively, the "1996 Resolution");

WHEREAS, the Series 1983 B Bonds were issued pursuant to a resolution adopted by the Issuer on August 15, 1980, as amended and supplemented by a resolution (collectively, the"Prior Resolution");

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of retiring or refinancing all or any part of the outstanding bonds;

WHEREAS, the Issuer is advised that present value debt service savings will be realized as a result of the refunding of the Series 1996 Bonds;

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its customers to refund the Series 1996 Bonds and to redeem the Series 1996 Bonds on the Redemption Date (hereinafter defined), in the manner set forth herein with proceeds of the issuance of a series of bonds to be designated "Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 2006" (the "Series 2006 Bonds"), in the maximum aggregate principal amount of not more than $4,000,000, and other moneys of the Issuer, such Series 2006 Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System, on a parity with the Series 1983 B Bonds which shall not be refunded hereby and will remain outstanding, and containing such other terms and provisions as are hereinafter provided;

WHEREAS, the Issuer now desires to authorize the refunding of the Series 1996 Bonds as aforesaid, and to provide for the financing thereof by the issuance of the Series 2006 Bonds as hereinafter provided;

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GREENBRIER PUBLIC SERVICE DISTRICT NO. 1:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Resolution and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2006 Bonds.

"Authority" means the West Virginia Water Development Authority, the original purchaser of the Series 1983 B Bonds, or its successor.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal Bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on any of the Series 2006 Bonds, and in the event the Series 2006 Bonds are insured, shall initially mean the Bond Insurer set forth in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"Bonds" means, collectively, the Series 2006 Bonds, the Series 1983 B Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2006 Bonds, in substantially the form set forth in EXHIBIT A hereto.

"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 2006 Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Series 1996 Bonds (which amount shall reflect the determination of the Redemption Price of the Series 1996 Bonds), interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance and/or surety bonds, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2006 Bonds and the refunding of the Series 1996 Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Debt Service," with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC-eligible" means, with respect to the Series 2006 Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

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

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

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of ownership of proportionate interests in future interest and principal payments of such obligations; provided that, investments in such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Gross Revenues" means all rates, rents, fees, charges or other income (including, without limitation, sale proceeds) received by or accrued to the Issuer from the operation of the System, as calculated in accordance with generally accepted accounting principles.

"Independent 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 purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means Greenbrier Public Service District No. 1, a public service district and public corporation and political subdivision of the State of West Virginia, in Greenbrier County of said State, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Municipal Bond Insurance Policy" means any municipal bond insurance policy issued by a Bond Insurer simultaneously with the delivery of the Series 2006 Bonds, insuring the payment of the principal of and interest on all or any of the Series 2006 Bonds in accordance with the terms thereof or any other bond insurance policy which may be issued on behalf of the Issuer to insure payment of the principal of and interest on all or any subsequent series of Bonds.

"1996 Resolution" shall have the meaning set forth in the recitals hereto.

"Net Proceeds" means the face amount of the Series 2006 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2006 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 2006 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.

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2006 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2006 Bonds.

"Operating Expenses" means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the Issuer relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

"Original Purchaser" means Crews & Associates, Incorporated, Charleston, West Virginia, as the purchasers of the Series 2006 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2006 Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2006 Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2006 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2006 Bonds.

"Outstanding," when used with reference to the Series 2006 Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission or other entity designated as such for the Series 2006 Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Prepayment Agreement" means the agreement to be entered into between the Issuer, the Bond Commission and the Paying Agent for the Series 1996 Bonds, providing for the defeasance of the Series 1996 Bonds, the deposit therein of proceeds of the Series 2006 Bonds, the disposition of moneys in the various funds and accounts of the Series 1996 Bonds under the 1996 Resolution and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Prior Resolution" shall have the meaning set forth in the recitals hereto.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use

by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchase Price," for the purpose of computation of the Yield of the Series 2006 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2006 Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2006 Bonds of each maturity is sold or, if the Series 2006 Bonds are privately placed, the price paid by the first buyer of the Series 2006 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2006 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2006 Bonds.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(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 Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Record Date" means the day of the month which shall be so stated in the Series 2006 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of the Prior Bonds, the Series 2006 Bonds, or any other Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which the Series 2006 Bonds, the Series 1996 Bonds or any other Bonds of the Issuer may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2006 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954, as amended.

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

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

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

"Series 1996 Bonds" shall have the meaning set forth in the recitals hereto.

"Series 1983 B Bonds" shall have the meaning set forth in the recitals hereto.

"Series 1983 B Bonds Sinking Fund" means the Series 1983 B Bonds Sinking Fund established pursuant to the Prior Resolution.

"Series 1983 B Bonds Reserve Account" means the Series 1983 B Bonds Reserve Account established pursuant to the Prior Resolution.

"Series 1983 B Bonds Reserve Requirement" means the amount required to be on deposit in the Series 1983 B Bonds Reserve Account pursuant to the Prior Resolution.

"Series 2006 Bonds" means the Sewer Refunding Revenue Bonds, Series 2006, of the Issuer, originally authorized to be issued pursuant to this Resolution and the Supplemental Resolution.

"Series 2006 Bonds Redemption Account" means the Series 2006 Bonds Redemption Account established in the Series 2006 Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2006 Bonds Reserve Account" means the Series 2006 Bonds Reserve Account established in the Series 2006 Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 2006 Bonds Reserve Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2006 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2006 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2006 Bonds.

"Series 2006 Bonds Sinking Fund" means the Series 2006 Bonds Sinking Fund established pursuant to Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 2006 Bonds and authorizing the sale of the Series 2006 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" means, collectively, the complete public service properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include any additions, betterments, improvements or

extensions thereto hereafter acquired or constructed 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.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Governing Body hereby finds and determines as follows:

A. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia, in Greenbrier County of said State.

B. The Issuer now owns and operates the System, the acquisition and construction of which has been financed in part by the proceeds of the Series 1996 Bonds and the Series 1983 B Bonds.

C. The Issuer derives revenues from the System which are pledged for payment of the Series 1996 Bonds and the Series 1983 B Bonds. Except for such pledge thereof to secure and pay the Series 1996 Bonds and Series 1983 B Bonds, said revenues are not pledged or encumbered in any manner.

D. The Issuer intends to refund the Series 1996 Bonds in their entirety with proceeds of the Series 2006 Bonds and other funds of the Issuer, to issue the Series 2006 Bonds and to pledge the Net Revenues of the System for payment thereof on a parity with the Series 1983 B Bonds, which shall not be refunded and shall remain outstanding. The Issuer shall, prior to the issuance of the Series 2006 Bonds, obtain the written consent of the Authority to the issuance of the Series 2006 Bonds on a parity as to liens, pledge and source of and security for payment, and in all respects with the Series 1983 B Bonds and to the amendments made to the Prior Resolution by this Resolution.

E. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, upon refunding and defeasance of the Series 1996 Bonds, to provide for the repair, maintenance and operation of the System, the payment of principal of and interest on the Bonds and the Prior Bonds and to make all other payments provided for in this Resolution.

F. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 2006 Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 2006 Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding and the costs of issuing the Series 2006 Bonds.

G. The Issuer shall not sell the Series 2006 Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph F above, based upon the actual principal amount, maturity schedule and interest rates for the Series 2006 Bonds.

H. Subject to the determination and certification required by paragraph G above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 2006 Bonds and secure the Series 2006 Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the moneys in the Series 2006 Bonds Sinking Fund and the Series 2006 Bonds Reserve Account, unexpended proceeds of the Series 2006 Bonds and as further set forth herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the ownership and operation of the System and issuance of the Series 2006 Bonds or will have so complied prior to issuance of any thereof.

J. The Series 2006 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 2006 Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 2006 Bonds, will be timely done and duly performed.

L. The adoption of this Resolution, and the execution and issuance of the Series 2006 Bonds, subject to the terms thereof, will not result in any breach of, or constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 2006 Bonds by those who shall own or hold the same from time to time, this Resolution 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 such Bondholders of any and all of such Series 2006 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Series 1996 Bonds Outstanding as of the date of issuance of the Series 2006 Bonds are hereby ordered to be refunded, and the pledge of Net Revenues in favor of the Holders of the Series 1996 Bonds imposed by the resolution authorizing the issuance thereof, the monies in the funds and accounts pledged to payment of the Series 1996 Bonds, and any other funds pledged to repayment of the Series 1996 Bonds are hereby ordered terminated, discharged and released upon the payment to the Paying Agent for deposit in the Series 1996 Bonds Sinking Fund from the proceeds of the Series 2006 Bonds and from other monies available therefor, of the following: (a) an amount equal to the fiscal and paying agent charges to become due and payable in connection with the Series 1996 Bonds; and (b) an amount which will provide for the payment of the principal of and interest on the Series 1996 Bonds, plus the premium, if any, as of the Closing Date. Contemporaneously with the deposit of the proceeds of the Series 2006 Bonds and other monies into the Series 1996 Bonds Sinking Fund, the amounts on deposit in the sinking fund, including the reserve account therein, created and maintained on behalf of the Series 1996 Bonds shall be released from the lien created by the resolution authorizing issuance thereof and deposited in the Series 2006 Bonds Sinking Fund, the Series 2006 Bonds Reserve Account or such other fund or account as shall be set forth in the Supplemental Resolution and invested as provided therein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution after the issuance of the Series 2006 Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Bonds surrendered.

The principal of and the premium, if any, on the Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Bond then Outstanding.

Section 3.02. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the 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 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A attached hereto and incorporated herein by reference with respect to the Series 2006 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated,

registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the 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 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said 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, 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 any of the Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the Registrar. Transfers of Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and 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 the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other

reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Resolution, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 2006 Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Paying Agent with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Paying Agent may use the moneys in the Series 2006 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Paying Agent shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall

be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 2006 Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 2006 Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser and the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2006 Bonds shall also be sent to registered securities depositories and to *Standard & Poor's Called Bond Record.*

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

If funds sufficient to redeem all Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such moneys with the Paying Agent on or before the Redemption Date. If such moneys are not so deposited, the Registrar shall notify all holders of Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Resolution. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying a portion of the costs of refunding all of the Outstanding Series 1996 Bonds of the Issuer, funding the Series 2006 Bonds Reserve Account and paying costs in connection therewith, there shall be issued the Series 2006 Bonds of the Issuer, in an aggregate principal amount

of not more than $4,000,000. Said Series 2006 Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 2006" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 2006 Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 2006 Bonds shall be numbered from R-1 consecutively upward. The Series 2006 Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 2006 Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 2006 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 2006 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 2006 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 2006 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 2006 Bond or any other evidence of ownership of the Series 2006 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 2006 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 2006 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 2006 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 2006 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 2006 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 2006 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the Series 2006 Bonds so redeemed, but DTC may return such Series 2006 Bonds and make an appropriate notation on the Series 2006 Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 2006 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 2006 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 2006 Bonds, selecting the Series 2006 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 2006 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 2006 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 2006 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 2006 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 2006 Bonds or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 2006 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 2006 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 2006 Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 2006 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 2006 Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 2006 Bonds to the Registrar, and the Registrar shall authenticate, register and deliver the Series 2006 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A list of the names in which the Series 2006 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(B) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2006 Bonds to the Original Purchaser;

(C) Copies of this Resolution and the Supplemental Resolution certified by the Secretary;

(D) The unqualified approving opinion upon the Series 2006 Bonds by Bond Counsel; and

(E) Such other documents, certifications and verifications as the Original Purchaser may reasonably require.

Section 3.13. Form of Bonds. The definitive Series 2006 Bonds shall be in substantially the form set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 2006 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 2006 Bonds shall have the form of the opinion of Steptoe & Johnson, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 2006 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 2006 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2006 Bonds Sinking Fund and applied to payment of interest on the Series 2006 Bonds at the first interest payment date, if any.

B. The amount of the Series 2006 Bond proceeds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1996 Bonds (which amount shall be set forth in the Prepayment Agreement) shall be deposited in the Series 1996 Sinking Fund held by the Bond Commission.

C. The amount of Series 2006 Bond proceeds equal to the Series 2006 Bonds Reserve Requirement shall be remitted to the Bond Commission and deposited in the Series 2006 Bonds Reserve Account; provided that, to the extent the Series 2006 Bonds Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Series 1996 Bonds pursuant to the 1996 Resolution, Series 2006 Bond proceeds shall be deposited in the Series 2006 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2006 Bonds Reserve Requirement.

D. The balance of the proceeds of the Series 2006 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2006 Bonds and miscellaneous costs of refunding the Series 1996 Bonds at the written direction of the Issuer. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing

Date, such unapplied proceeds shall be transferred by the Issuer to the Series 2006 Bonds Redemption Account established in Section 4.02 hereof. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 2006 Bonds from which such proceeds are derived. All costs of issuance shall be paid within 90 days following the Closing Date and all moneys then remaining in the Costs of Issuance Fund shall be disbursed to the Issuer whereupon they may be used for any legal purpose of the System.

Section 3.15. Designation of Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 2006 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2006 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2006 Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2006.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are hereby created (or continued if previously established or continued by the Prior Resolution) with, and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other, and used solely for the purposes provided herein and in the Prior Resolution:

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

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

(3) Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Paying Agent. Pursuant to this Article IV, the following special funds and accounts are hereby created (or continued if previously established or continued by the Prior Resolution) with, and shall be held by, the Paying Agent, segregated from all other funds and accounts of the Paying Agent or the Issuer and from each other, and used solely for the purposes provided herein and in the Prior Resolution:

(1) Series 2006 Bonds Sinking Fund;

(a) Within the Series 2006 Bonds Sinking Fund;

(i) Series 2006 Bonds Reserve Account; and

(ii) Series 2006 Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent (i) for deposit in the Series 1983 B Bonds Sinking Fund, the amounts required by the Prior Resolution for payment of interest on the Series 1983 B Bonds, and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2006 Bonds, for deposit in the Series 2006 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2006 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2006 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2006 Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent (i) for deposit in the Series 1983 B Bonds Sinking Fund, the amounts required by the Prior Resolution for payment of principal on the Series 1983 B Bonds and (ii) beginning on the first day of that month which is 12 months prior to the first principal payment date or mandatory redemption date of the Series 2006 Bonds, for deposit in the Series 2006 Bonds Sinking Fund and in the Series 2006 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 Bonds on the next ensuing principal payment date or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2006 Bonds Sinking Fund and the next ensuing principal payment date or mandatory redemption date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory redemption date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2006 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Paying Agent for deposit into the Series 2006 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2006 Bonds Reserve Account below the Series 2006 Bonds Reserve Requirement or any withdrawal from the Series 2006 Bonds Reserve Account, beginning with the first full calendar

month following the date on which (a) the valuation of investments in the Series 2006 Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2006 Bonds Reserve Account is less than the Series 2006 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2006 Bonds Reserve Account for deposit into the Series 2006 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2006 Bonds Reserve Account to an amount equal to the Series 2006 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2006 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2006 Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month (as previously set forth in the Prior Resolution and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in Qualified Investments. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any reserve account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2006 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2006 Bonds Sinking Fund when the aggregate amount of funds in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2006 Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2006 Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2006 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to

the maximum amount of principal and interest which will become due in any year for account of such additional parity Bonds.

The payments into the Series 2006 Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Paying Agent with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

Principal and interest payments, and any payments made for the purpose of funding any reserve account, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1983 B Bonds and the Series 2006 Bonds in accordance with the respective principal amounts then Outstanding.

Amounts in the Series 2006 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2006 Bonds when due, when amounts in the Series 2006 Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall restore any withdrawals from the Series 2006 Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2006 Bonds Reserve Requirement from the first Net Revenues available after all other required payments to the Series 1983 B Bonds Sinking Fund and the Series 2006 Bonds Sinking Fund, including any deficiencies for prior payments, have been made in full; provided, that the Issuer shall not be required to restore such deficiency when the aggregate amount of funds in the Series 1983 B Bonds Sinking Fund and the Series 2006 Bonds Sinking Fund, including the respective Reserve Account therein, is at least equal to the aggregate amount of Bonds then Outstanding, plus the amount of interest due or thereafter to become due on the Bonds then Outstanding.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 1983 B Bonds Sinking Fund and the Series 2006 Bonds Sinking Fund, including the respective Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Paying Agent, 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 any charges and fees then due.

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

E. If on any monthly payment date the Net 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.

F. The Paying Agent is hereby designated as the fiscal agent for the administration of the Series 2006 Bonds Sinking Fund created hereunder, and all amounts required for the Series 2006 Bonds Sinking Fund shall be remitted to the Paying Agent from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Paying Agent shall clearly identify the fund or account into which each amount is to be deposited.

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Paying Agent and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Resolution in Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, 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 Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 2006 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Paying Agent to semiannually transfer from the Series 2006 Bonds Reserve Account to the Series 2006 Bonds Sinking Fund, any earnings on the moneys deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2006 Bonds Reserve Account an amount at least equal to the requirement therefor.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2006 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2006 Bonds Reserve Account

shall, at any time, be less than the applicable requirement therefor, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues after required deposits to the Series 2006 Bonds Sinking Fund and the Series 1983 B Bonds Sinking Fund have been made.

(D) All amounts representing accrued and capitalized interest shall be held by the Paying Agent, pledged solely to the payment of interest on the Series 2006 Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2006 Bonds Sinking Fund may be invested by the Paying Agent in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2006 Bonds in such manner and to such extent as may be necessary, so that the Series 2006 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 Bonds) so that the interest on the Series 2006 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 5.03. Tax Certificate and Rebate. A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2006 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything herein to the contrary, shall be paid from investment earnings on the underlying fund or

account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2006 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2006 Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2006 Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 2006 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2006 Bonds Sinking Fund and the Series 2006 Bonds Reserve Account therein, and the unexpended proceeds of the Series 2006 Bonds, all as herein provided. No Holder or Holders of the Series 2006 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Parity Pledge of Net Revenues and Moneys in Sinking Fund. The payment of the debt service of all of the Series 2006 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1983 B Bonds, and all moneys and securities in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 2006 Bonds herein authorized, and to make the payments into the Series 2006 Bonds Sinking Fund, all moneys and securities in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein, and all other payments provided for in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the principal of and interest on the Series 2006 Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Prior to the issuance of the Series 2006 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules 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 and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) as long as the Series 2006 Bonds are outstanding, to leave a balance each year equal to at least 115% of the annual debt service on the Series 2006 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2006 Bonds, including the Series 1983 B Bonds.

The Issuer shall require that each annual audit contain a statement of the auditor that the Issuer either is or is not in compliance with the rate covenant contained in this Section 6.04. In the event that any audit contains a statement that the Issuer is not in compliance with the rate covenant contained in this Section 6.04, the Issuer hereby covenants that it shall, with in sixty (60) days of receiving the audit report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Section 6.05. Operation and Maintenance. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided herein.

Section 6.06. Sale of the System. So long as the Series 1983 B Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2006 Bonds are Outstanding, 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 Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to Paying Agent for deposit in the respective sinking funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Paying Agent unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provisions 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, is not in excess of $50,000, the Issuer shall, in writing, 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 shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and 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 derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be remitted by the Issuer to the Paying Agent for deposit in the respective Sinking Fund. Such payment of such proceeds into the respective Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions hereof.

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 shall be in excess of $200,000 and insufficient to pay all Bonds Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of 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 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, 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 the Net Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the Net 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 then Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Resolution and the Prior Resolution at the time of the issuance of such subordinate obligations have been made and are current.

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, except with respect to such additional parity Bonds, being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and Revenues of the System pledged for payment of the Bonds and the interest thereon in this Resolution or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Series 1983 B Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no additional parity Bonds payable out of the Revenues of the System shall be issued after the issuance of any Bonds pursuant hereto, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, additions, betterments or improvements to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Issuer a written statement by the Independent 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 additional 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 additional parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any additional parity Bonds theretofore issued pursuant to the provisions contained herein then Outstanding; and

(3) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds, and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such additional 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 and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to issuance of such additional parity Bonds.

The District may issue Additional Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any of the Series 2006 Bonds, or portion thereof, if the aggregate debt service on said additional parity refunding Bonds and such additional parity refunding Bonds that will remain outstanding following such issuance will not exceed in any year that such additional parity refunding Bonds remain outstanding the debt service that would have been required in such year had the Bonds to be refunded by such additional parity refunding Bonds not been refunded.

Not later than simultaneously with the delivery of such additional parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such extensions, additions, betterments or improvements, if any, to the System that are to be financed by such additional parity Bonds.

All covenants and other provisions hereof (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds 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 hereby required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant hereto.

All additional parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

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

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

Section 6.09. Insurance and Bonds. 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 and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. 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 and 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 during construction in the full insurable value thereof.

B. 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 $100,000 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.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer 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.

Section 6.10. 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 thereof shall avail himself 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 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, 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 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, 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 and facilities of the System and any services and facilities of the waterworks system, if so owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks system is not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 6.12. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and

accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds 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, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, an annual report containing the following:

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

(B) A statement of account balances in all funds and accounts provided for herein and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Resolution and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser 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 Original Purchaser, any Bond Insurer and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30-day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2006 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 2006 Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1983 B Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2006 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2006 Bonds during the term thereof is, under the terms of the

Series 2006 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) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2006 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2006 Bonds during the term thereof is, under the terms of the Series 2006 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2006 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 2006 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 2006 Bonds or $5,000,000 are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2006 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2006 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 2006 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Municipal Bond Insurance Policy. The Issuer may apply for a Municipal Bond Insurance Policy for the Series 2006 Bonds and subsequent series of Bonds. In the event a Municipal Bond Insurance Policy is obtained for any series of Bonds, additional covenants and provisions relating to such series of Bonds as may be required by the applicable Bond Insurer as a condition to insuring such Bonds shall be set forth in a

Supplemental Resolution and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

(C) 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

(D) If default occurs with respect to the Series 1983 B Bonds or the Prior Resolution.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Resolution;

(C) Bring suit upon the Bonds;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Resolution or the rights of the Bondholders.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2006 Bonds shall be on a parity with those of the Holders of the Series 1983 B Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate, 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 issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder 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, 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 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 the Holders of the Bonds issued pursuant to this Resolution. 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 possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Resolution, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Resolution, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 2006 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Bond Commission shall serve as the Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Resolution. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agent shall, until used or applied as provided in this Resolution, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2006 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2006 Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

The Series 2006 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2006 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2006 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Paying Agent or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2006 Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2006 Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor moneys deposited with the Paying Agent or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2006 Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Paying Agent or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2006 Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Paying Agent or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 2006 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Resolution, shall be controlling. Following issuance of the Series 2006 Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Bonds are insured, no such amendment or modification which adversely affects the security for such Bonds or the rights of any Bond Insurer for such Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2006 Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2006 Bond without the express written consent of the Holder of each Series 2006 Bond so affected, nor reduce the percentage of Series 2006 Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Resolution if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgements of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or corporation satisfactory to the

Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Resolution shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Resolution shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any moneys held by the Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Paying Agent to the Issuer as its absolute property and free from trust, and the Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Paying Agent shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than

30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser or Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Greenbrier Public Service District No. 1
119 West Washington Street
Lewisburg, West Virginia 24901
Attention: Chairman

PAYING AGENT

West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500, Terminal Building
Charleston, West Virginia 25301

DEPOSITORY BANK

[Name(s) and address(es) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Crews & Assoicates, Inc.
Post Office Box 2764
Charleston, West Virginia 25530-2764

BOND INSURER

[Name(s) and address(es) to be set forth in Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the

principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 10.11. 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 10.12. Conflicting Provisions Repealed. All orders, 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 Series 1983 B Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.14. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 20th day of October, 2006.

Dan L. Withrow

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Greenbrier Public Service District No. 1 on the 20th day of October, 2006.

Dated this 15th day of November, 2006.

[SEAL]

Doug Warren

Secretary, Public Service Board

EXHIBIT A - BOND FORM

No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning October 1, 2006 (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 2006" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated October 1, 2006, the proceeds of which are to be used, together with other funds of the Issuer, to refund in full the Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, and the Sewer Revenue Bonds, Series 1983 A, dated June 23, 1983, of the Issuer outstanding in the total aggregate principal amount of $_____ (collectively, the "Series 1996 Bonds"), which Series 1996 Bonds were issued to finance the cost of construction of certain additions, betterments and improvements to the public sewerage system of the Issuer. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on _____, 2006, and supplemented by a supplemental resolution duly adopted by the Issuer on _____, 2006 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

The Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by _____.

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 SEWER REVENUE BONDS, SERIES 1983 B, DATED JUNE 23, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $910,000 (THE "SERIES 1983 B BONDS").

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing

Year ( )	Principal Amount

Bonds Maturing

Year ( )	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Resolution) 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 1983 B Bonds and from all moneys in the Series 2006 Bonds Sinking Fund and the Series 2006 Bonds Reserve Account established under the Resolution, and the unexpended proceeds of the Bonds, and the Issuer hereby and in the Resolution pledges such revenues and moneys to such payment. Said Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Resolution. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2006 Bonds Sinking Fund and the Series 2006 Bonds Reserve Account and any unexpended Bond proceeds. Under the Resolution, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to produce revenues net of such operating expenses equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, including the Series 1983 B Bonds.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to refund the Series 1996 Bonds and pay all costs in connection therewith and costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owners of said Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

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 be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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, GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By_____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

[STATEMENT OF INSURANCE]

SUPPLEMENTAL PARAMETERS RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING PARAMETERS AS TO DATES, AMOUNTS, MATURITIES, INTEREST RATES, REDEMPTION PROVISIONS, PURCHASE PRICE AND OTHER DETAILS AS TO THE SEWER REFUNDING REVENUE BONDS, SERIES 2006 OF GREENBRIER PUBLIC SERVICE DISTRICT NO. 1; AUTHORIZING AND APPROVING A BOND PURCHASE AGREEMENT, A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT, A REGISTRAR AGREEMENT, AN OFFICIAL STATEMENT, AND OTHER INSTRUMENTS RELATING TO THE BONDS; APPOINTING A REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS AND THE REFUNDING.

WHEREAS, Greenbrier Public Service District No. 1 (the "Issuer"), in the County of Berkeley, State of West Virginia, is a public service district and public corporation of said State, the governing body of which is this public service board (the "Governing Body");

WHEREAS, the Governing Body duly adopted on October 20, 2006, a resolution (the "Resolution") entitled:

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REFUNDING REVENUE BONDS, SERIES 1996 OF GREENBRIER PUBLIC SERVICE DISTRICT NO. 1; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 2006, OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $4,000,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE

RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A PREPAYMENT AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

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

WHEREAS, the Resolution provided for the refunding of the Issuer's Sewer Refunding Revenue Bonds, Series 1996 (the "Series 1996 Bonds"), dated June 15, 1996, issued in the original aggregate principal amount of $4,420,000 and presently outstanding in the approximate principal amount of $3,250,000, for the purposes of paying a portion of the costs of such refunding, funding all or a portion of a reserve account for the Series 2006, and paying costs of issuance thereof, all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act");

WHEREAS, the Resolution further provided that the exact dates, amounts, maturities, interest rates, redemption provisions, purchase price and other terms of the Series 2006 Bonds should be established by Supplemental Parameters Resolution, that a Registrar, Paying Agent and Depository Bank be designated, that a Bond Purchase Agreement, a Continuing Disclosure Agreement, a Prepayment Agreement, a Registrar Agreement and an Official Statement be approved and that other matters pertaining to the Series 2006 A Bonds be provided for by a supplemental parameters resolution of the Governing Body, that additional covenants and provisions relating to the Bonds be provided therein, and as may be required by any Bond Insurer as a condition to insuring such Series 2006 Bonds and that other matters pertaining to the Series 2006 Bonds be provided for by a supplemental parameters resolution of this Board;

WHEREAS, the Series 2006 Bonds are proposed to be purchased by Crews & Associates, Inc. (the "Original Purchaser"), pursuant to a Bond Purchase Agreement between the Original Purchaser and the Issuer, to be dated the date of execution thereof and in general form attached hereto and incorporated herein by reference (the "Bond Purchase Agreement");

WHEREAS, the Governing Body has determined that, in order to obtain the best possible savings for the District in the current interest rate environment, the Chairman shall be empowered and authorized to execute the Bond Purchase Agreement, within the parameters set forth herein, at such time as the Chairman shall determine most advantageous to the District, or not at all; and

WHEREAS, the Governing Body deems it essential and desirable that this Resolution be adopted, that the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Prepayment Agreement and the Registrar Agreement hereinafter provided for be entered into by the Issuer, that the Official Statement relating to the Series 2006 Bonds, hereinafter described, be approved, that the Issuer's Chairman be authorized to enter into the Bond Purchase Agreement within the parameters hereby approved by the Board, and that other matters relating to the Series 2006 Bonds be herein provided for, and that other matters relating to the Bonds be herein provided for all in accordance with the Resolution;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GREENBRIER PUBLIC SERVICE DISTRICT NO. 1:

Section 1. Pursuant to the Resolution and the Act, this Supplemental Parameters Resolution is adopted and there are hereby authorized and ordered to be issued the Series 2006 Bonds. The Series 2006 Bonds shall be issued in the aggregate principal amount not to exceed $4,000,000, bear interest at a rate not to exceed 7%, payable semiannually on April 1 and October 1 of each year, commencing April 1, 2007, shall mature on October 1 in such years, shall be dated such date, upon original issuance, shall mature in such principal amounts on such dates (with final maturity no later than October 1, 2046), shall be subject to such redemption provisions, all as shall subsequently be approved by the Chairman; and shall be substantially in the form set forth in the Resolution, provided however, that the specific terms of the Series 2006 Bonds shall be as determined by the Chairman at the time of the execution of the Bond Purchase Agreement and as approved by the Chairman in the Certificate of Determinations attached hereto as EXHIBIT A. All other provisions relating to the Series 2006 Bonds shall be as provided in the Resolution, and the Series 2006 Bonds shall be in substantially the form provided in the Resolution.

Section 2. The Bond Purchase Agreement by and between the Original Purchaser and the Issuer, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved, and directed. The Chairman is hereby empowered and authorized to execute the Bond Purchase Agreement on behalf of the District at such time as the Chairman shall determine to be most advantageous, provided however, that the net present value savings of the refunding authorized through the execution of the Bond Purchase Agreement shall not be less than 2.5%. The Chairman shall execute and deliver the Bond Purchase Agreement with such changes, insertions and omissions as may be approved by the

Chairman. The execution of the Bond Purchase Agreement by the Chairman shall be conclusive evidence of any approval required by this Section, and authorization of any action required by the Bond Purchase Agreement relating to the issuance and sale of the Series 2006 Bonds, including the payment of all necessary fees and expenses in connection therewith.

Section 3. The Prepayment Agreement by and between the West Virginia Municipal Bond Commission and the Issuer, dated the date of delivery of the Series 2006 Bonds, substantially in the forms submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved, and directed. The Chairman shall execute and deliver the Prepayment Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Prepayment Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 4. The Issuer does hereby approve the transfer of all of the monies from the Series 1996 Bonds Reserve Account, currently in the approximate amount of $372,380.97, held by the West Virginia Municipal Bond Commission, to the Series 1996 Bonds Sinking Fund to provide sufficient funds, in addition to the proceeds of the Series 2006 Bonds, to defease the Series 1996 Bonds.

Section 5. The Continuing Disclosure Agreement from the Issuer, to be dated as of the date of delivery of the Series 2006 Bonds, substantially in the form submitted to this meeting, and the execution and delivery (in multiple counterparts) by the Chairman thereof shall be and the same are hereby authorized, approved and directed. The Chairman shall execute and deliver the Continuing Disclosure Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Continuing Disclosure Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 6. The Official Statement, to be substantially in the form attached hereto (with such changes, insertions and omissions as may be necessary or advisable in the opinion of the Chairman), and the distribution of counterparts or copies thereof by the Original Purchaser are hereby approved. The Chairman shall execute and deliver the Official Statement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the Official Statement by the Chairman shall be conclusive evidence of any approval required by this Section. The certificate of the Issuer relating to compliance with SEC Rule 15c2-12 and the execution and delivery thereof by the Chairman is hereby ratified and approved.

Section 7. The Registrar Agreement by and between the Issuer and the Registrar designated herein, to be dated as of the date of delivery of the Series 2006 Bonds, substantially in the form submitted to this meeting, shall be and the same is hereby approved. The Chairman shall execute and deliver the Registrar Agreement with such changes, insertions and omissions as may be approved by the Chairman. The execution of the

Registrar Agreement by the Chairman shall be conclusive evidence of any approval required by this Section.

Section 8. The firm of Steptoe & Johnson PLLC, Charleston, West Virginia, is hereby appointed bond counsel to the Issuer in connection with the issuance of the Series 2006 Bonds.

Section 9. The Issuer does hereby appoint and designate United Bank, Inc., Charleston, West Virginia, for the purpose of serving in the capacity of Registrar and First-Citizens Bank & Trust Company, Lewisburg, West Virginia, as Depository Bank.

Section 10. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission for the purpose of serving in the capacity of Paying Agent.

Section 11. The notice addresses for the Registrar, Paying Agent and Original Purchaser shall be as follows:

REGISTRAR

United Bank, Inc.
500 Virginia Street, East
Charleston, West Virginia 25301
Attention: Corporate Trust Department

PAYING AGENT

West Virginia Municipal Bond Commission
#8 Capitol Street, Suite 500
Charleston, West Virginia 25301
Attention: Chairman

ORIGINAL PURCHASER

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301
Attention: Vice President

Section 12. Prior to the execution of the Bond Purchase Agreement, the Chairman shall obtain a certification from the Original Purchaser of the Series 2006 Bonds that the terms of the Bonds agreed to in the Bond Purchase Agreement result in a net savings to the Issuer after deducting all expenses of the refundings. Prior to delivery of the Series 2006 Bonds, the Issuer shall have obtained from Griffith & Associates, or such other independent certified public accountant acceptable to the Chairman, a certification that the amount of savings stated to be achieved by the refunding shall in fact be correct, based upon

their review, comparison and analysis of the total net debt service in dollars of the Series 2006 Bonds and the remaining total net debt service in dollars of the Series 1996 Bonds. The Chairman is hereby authorized and directed to employ Griffith & Associates, Alum Creek, West Virginia, or such other independent certified public accountant satisfactory to Bond Counsel, to supply the certification required herein and to take other actions required in connection with the refunding.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates, including a tax and arbitrage certificate, required or desirable in connection with the Series 2006 Bond issue to the end that the Series 2006 Bonds may be delivered on a timely basis to the Original Purchaser pursuant to the Bond Purchase Agreement.

Section 14. This Supplemental Parameters Resolution shall be effective immediately.

Adopted this 20th day of October, 2006.

Dan L. Withrow

Chairman

CERTIFICATION

Certified a true, correct and complete copy of a Supplemental Parameters Resolution duly adopted by the Public Service Board of GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 on the 20th day of October, 2006.

Dated this 15th day of November, 2006.

[SEAL]

Doug Warren
Secretary

10/19/06
352810.00001

EXHIBIT A - FORM OF CERTIFICATE OF DETERMINATIONS

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
SEWER REFUNDING REVENUE BONDS,
SERIES 2006

CERTIFICATE OF DETERMINATIONS

The undersigned, _____, Chairman of Greenbrier Public Service District No. 1 (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Public Service Board of the Issuer on October 20, 2006 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Sewer Refunding Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), hereby finds and determines as follows:

1. The Series 2006 Bonds shall be dated November 1, 2006 and shall bear interest on **April 1 and October 1 of each year commencing April 1, 2007**.

2. The Series 2006 Bonds shall be issued in the aggregate principal amount of $_____, at a true interest cost of _____%. Such interest rates do not exceed 7%, being the maximum interest rate authorized by the Supplemental Parameters Resolution. The net present value benefit is_____% of the Series 2006 Bonds principal amount which exceeds the 2.5% required by the Supplemental Parameters Resolution.

3. The Series 2006 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2006 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2006 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2006 Bonds shall be sold to Crews & Associates, Incorporated (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $_____ (representing par value less an Underwriter's discount of $_____ and a net original issue premium of $_____), plus interest accrued of $_____ on the Series 2006 Bonds from November 1, 2006 to _____, 2006 (the "Closing Date").

7. Based upon the actual principal amount, maturity schedule and interest rates for the Series 2006 Bonds, attached hereto, it is hereby determined that the Series 2006 Bonds show a net savings to the Issuer after deducting all expenses of the refunding.

8. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Prepayment Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2006 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2006 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this _____ day of October, 2006.

GREENBRIER PUBLIC SERVICE SEWER
DISTRICT NO. 1

By: _____
Its: Chairman

10/19/06
352810.00001

Schedule 1

Maturity Schedule

SERIES 2006 BOND TERMS

Bond No.	Maturity Date	Principal Amount	Interest Rate	Price or Yield

Schedule 2

Redemption Provisions:

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
SEWER REFUNDING REVENUE BONDS,
SERIES 2006

CERTIFICATE OF DETERMINATIONS

The undersigned, Daniel Withrow, Chairman of Greenbrier Public Service District No. 1 (the "Issuer"), in accordance with the Supplemental Parameters Resolution adopted by the Public Service Board of the Issuer on October 20, 2006 (the "Supplemental Parameters Resolution"), with respect to the Issuer's Sewer Refunding Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), hereby finds and determines as follows:

1. The Series 2006 Bonds shall be dated November 1, 2006 and shall bear interest on April 1 and October 1 of each year commencing April 1, 2007.

2. The Series 2006 Bonds shall be issued in the aggregate principal amount of $3,185,000, at a true interest cost of 4.4920439%. Such interest rates do not exceed 7%, being the maximum interest rate authorized by the Supplemental Parameters Resolution. The net present value benefit is 4.350% of the Series 2006 Bonds principal amount which exceeds the 2.5% required by the Supplemental Parameters Resolution.

3. The Series 2006 Bonds shall mature in the amounts and on the dates and shall be subject to mandatory sinking fund redemption in the amounts and on the dates set forth on Schedule 1 attached hereto and incorporated herein.

4. The Series 2006 Bonds shall bear interest at the rates and produce the yields set forth on Schedule 1 attached hereto and incorporated herein.

5. The Series 2006 Bonds shall be subject to optional and mandatory redemption as set forth on Schedule 2 attached hereto and incorporated herein.

6. The Series 2006 Bonds shall be sold to Crews & Associates, Incorporated (the "Underwriter"), pursuant to the terms of the Bond Purchase Agreement by and between the Underwriter and the Issuer, at an aggregate purchase price of $3,115,134.18 (representing par value less an Underwriter's discount of $63,700 and a net original issue discount of $11,197.65, plus interest accrued of $5,031.83 on the Series 2006 Bonds from November 1, 2006 to November 15, 2006 (the "Closing Date")).

7. Based upon the actual principal amount, maturity schedule and interest rates for the Series 2006 Bonds, attached hereto, it is hereby determined that the Series 2006 Bonds show a net savings to the Issuer after deducting all expenses of the refunding.

8. The forms of the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Prepayment Agreement, the Registrar Agreement and Official Statement attached hereto are hereby approved.

The undersigned hereby certifies that the foregoing terms and conditions of the Series 2006 Bonds are within the parameters prescribed by the Supplemental Parameters Resolution, and the Series 2006 Bonds may be issued with such terms and conditions as authorized by the Supplemental Parameters Resolution.

WITNESS my signature this 24th day of October, 2006.

GREENBRIER PUBLIC SERVICE SEWER
DISTRICT NO. 1

By: Dan L. Withrow
Its: Chairman

10/19/06
352810.00001

CH854682.2

Schedule 1

Maturity Schedule

SERIES 2006 BOND TERMS

Bond No.	Maturity Date	Principal Amount	Interest Rate	Price or Yield
AR-1	October 1, 2007	$180,000	3.80%	99.953%
AR-2	October 1, 2008	205,000	4.00	100.086
AR-3	October 1, 2009	210,000	4.00	100.000
AR-4	October 1, 2010	220,000	4.00	99.925
AR-5	October 1, 2011	230,000	4.00	99.820
AR-6	October 1, 2012	185,000	4.00	99.581
AR-7	October 1, 2013	250,000	4.00	99.402
AR-8	October 1, 2014	255,000	4.00	99.195
AR-9	October 1, 2015	265,000	4.10	99.701
AR-10	October 1, 2016	280,000	4.15	99.835
AR-11	October 1, 2017	290,000	4.15	99.476
AR-12	October 1, 2018	300,000	4.20	99.625
AR-13	October 1, 2019	315,000	4.20	99.210

(Accrued Interest to be Added)

Schedule 2

Redemption Provisions:

Optional Redemption

At the option of the District, the Bonds will be subject to redemption prior to maturity on or after October 1, 2012, at par.

$3,185,000

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2006

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

The undersigned, Gregory B. Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, and Daniel Withrow, Chairman of the public service board of Greenbrier Public Service District No. 1 (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 15th day of November, 2006, in New York, New York, the Underwriter received the entire original issue of $3,185,000 in aggregate principal amount of Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 2006 (the "Bonds"). The Bonds, as so received on original issuance, are in various denominations, are dated November 1, 2006, and are numbered from AR-1 to AR-13, inclusive.

2. At the time of such receipt of the Bonds, all the Bonds had been executed by Daniel Withrow, as Chairman of the public service board of the Issuer by his manual signature, and the official seal of the Issuer had been impressed upon each Bond and attested by Doug Warren, as Secretary of the public service board of the Issuer by his manual signature, and had been authenticated by United Bank, Inc., as Registrar.

3. The Issuer has received and hereby acknowledges receipt from the Underwriter, as the original purchaser of the Bonds, of the proceeds of the Bonds, as follows:

Par Amount	$3,185,000.00
Less: Underwriter's Discount	(63,700.00)
Less: Original Issue Discount	(11,197.65)
Plus: Accrued Interest (November 1 to November 15, 2006)	5,031.83
Total	$3,115,134.18

Payment for the Bonds was made in immediately available funds (federal funds wire) in the amount of $3,115,134.18.

WITNESS our respective signatures this 15th day of November, 2006.

CREWS & ASSOCIATES, INC.

By: _____
Its: Vice President

GREENBRIER PUBLIC SERVICE DISTRICT
NO. 1

By: _____
Its: Chairman, Public Service Board

10.27.06
352810.00001

$3,185,000

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2006

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

United Bank, Inc.
as Registrar
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith as Registrar for the above-captioned Bonds:

1. Bonds Nos. AR-1 through AR-13, constituting the entire original issue of the Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 2006, dated November 1, 2006, in the aggregate principal amount of $3,185,000 (the "Bonds"), executed by the Chairman and Secretary of the public service board of Greenbrier Public Service District No. 1 (the "Issuer") and bearing the official seal of the Issuer. The Bonds are authorized to be issued under and pursuant to a Resolution adopted by the Issuer on October 20, 2006, as supplemented by a Supplemental Parameters Resolution adopted by the Issuer on October 20, 2006 (collectively, the "Resolution").

2. Copies of the Resolution, certified by the Secretary of the Issuer.

3. A list of the names in which the Bonds are to be registered upon original issuance, together with taxpayer identification and other information as requested by you.

4. A signed, unqualified approving opinion of Steptoe & Johnson PLLC as bond counsel.

5. A copy of the Prepayment Agreement and such other documents, certifications and verifications as the original purchaser may reasonably require.

You are hereby requested and authorized, pursuant to Section 3.12 of the Resolution, to authenticate, register and deliver the Bonds to the Depository Trust Company, New York, New York, for the account of Crews & Associates, Inc., as the original purchasers thereof.

Dated this 15th day of November, 2006.

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman, Public Service Board

10.27.06
352810.00001

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-1 $180,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
3.80%	October 1, 2007	November 1, 2006	393685AU6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

maturity or until the date fixed for redemption if this Bond is called for prior redemption and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by the West Virginia Municipal Bond Commission, Charleston, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each March 15 and September 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by United Bank, Inc., Charleston, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in Charleston, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $3,185,000 designated "Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 2006" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated November 1, 2006, the proceeds of which are to be used, together with other funds of the Issuer, to refund in full the Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, of the Issuer issued in the original aggregate principal amount of $4,420,000 and currently outstanding in the total aggregate amount of $3,345,488.96 (the "Series 1996 Bonds"), which Series 1996 Bonds were issued to finance the cost of construction of certain additions, betterments and improvements to the public sewerage system of the Issuer. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on October 20, 2006, and supplemented by a supplemental parameters resolution duly adopted by the Issuer on October 20, 2006 (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

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 SEWER REVENUE BONDS, SERIES 1983 B, DATED JUNE 23, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $910,000 (THE "SERIES 1983 B BONDS").

Optional Redemption

At the option of the District, the Bonds will be subject to redemption prior to maturity on or after October 1, 2012, at par.

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Resolution) 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 1983 B Bonds and from all moneys in the Series 2006 Bonds Sinking Fund and the Series 2006 Bonds Reserve Account established under the Resolution, and the unexpended proceeds of the Bonds, and the Issuer hereby and in the Resolution pledges such revenues and moneys to such payment. Said Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Resolution. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 2006 Bonds Sinking Fund and the Series 2006 Bonds Reserve Account and any unexpended Bond proceeds. Under the Resolution, the Issuer

has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) as long as the Series 2006 Bonds are outstanding, to leave a balance each year equal to at least 115% of the annual debt service on the Series 2006 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2006 Bonds, including the Series 1983 B Bonds.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to refund the Series 1996 Bonds and pay all costs in connection therewith and costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owners of said Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

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 be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond is hereby designated a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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, GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Doug Warren

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: November 15, 2006.

UNITED BANK, INC., as Registrar

By: _____
Its: Authorized Officer

SPECIMEN

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto ___

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint

_____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

11/01/06
352810.00001

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-2 $205,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	October 1, 2008	November 1, 2006	393685AV4

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-3 $210,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	October 1, 2009	November 1, 2006	393685AW2

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED TEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-4 $220,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	October 1, 2010	November 1, 2006	393685AX0

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED TWENTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-5 $230,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	October 1, 2011	November 1, 2006	393685AY8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED THIRTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-6 $185,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	October 1, 2012	November 1, 2006	393685AZ5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: ONE HUNDRED EIGHTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-7 $250,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	October 1, 2013	November 1, 2006	393685BA9

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-8 $255,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.00%	October 1, 2014	November 1, 2006	393685BB7

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED FIFTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-9 $265,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.10%	October 1, 2015	November 1, 2006	393685BC5

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED SIXTY-FIVE THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-10 $280,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.15%	October 1, 2016	November 1, 2006	393685BD3

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED EIGHTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-11 $290,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.15%	October 1, 2017	November 1, 2006	393685BE1

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: TWO HUNDRED NINETY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-12 $300,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.20%	October 1, 2018	November 1, 2006	393685BF8

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

SPECIMEN

Unless this Bond is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC"), to Issuer or its agent for registration of transfer, exchange, or payment, and any Bond issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

No. R-13 $315,000

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 2006

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.
4.20%	October 1, 2019	November 1, 2006	393685BG6

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT: THREE HUNDRED-FIFTEEN THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on April 1 and October 1, in each year, beginning April 1, 2007 (each an "Interest Payment Date"), until

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the Public Service Commission of West Virginia, in the City of Charleston, on the 28th day of July, 2006.

CASE NO. 06-0720-PWD-PC

GREENBRIER PUBLIC SERVICE DISTRICT
Petition for consent and approval to refinance
approximately $3,420,000 in existing 1996
A Series Water Development Authority Bonds.

COMMISSION ORDER

The Commission shall grant the petition as set forth herein.

BACKGROUND

On June 1, 2006, the Greenbrier Public Service District (District) filed a petition for consent and approval to refund its existing 1996 A Sewer Revenue Bond (1996 A Bond) with an outstanding principal amount of $3,420,000. The District stated that the interest rate on the bond is variable between 5.1% and 5.625%. Currently the District is paying 5.2% interest.

The District has selected Crews & Associates (Crews) as its investment banking firm for this transaction. Crews will purchase the 2006 Series Bonds issued by the District. The District plans to issue the sewer refunding revenue bonds in an original amount not to exceed $3,470,000, at a fixed interest rate of 4.347%. The District stated that the estimated refunding amounts may fluctuate slightly due to changing market conditions between the time of the filing and the signing of the Bond Purchase Agreement, which will occur after receiving approval from the Commission.

The District's filing contains attachments showing the current annual debt service and the expected annual debt service for the 2006 Series Bonds. The interest rates and savings estimated by the District were based upon the market as of May 16, 2006. The District anticipates gross annual debt service savings from the proposed transaction to be $9,524, which constitutes a savings of $133,239 over the remaining term of 13 years.

Due to changing market conditions, the District requested expedited treatment of its request.

On June 29, 2006, Commission Staff filed its Initial and Final Joint Staff Memorandum. Staff indicated that the term of the 1996 A Bond ends on October 1, 2019. The term of the 2006 Series Bonds would end at the same time. Staff confirmed the remaining statements made by the District in its petition.

Staff stated that the refinancing would provide a substantial financial benefit to the District and its customers. Staff found that the current and future market conditions would suggest that the current variable rate the District now has on its 1996 A Bond would not fall below the 4.347% fixed rate the District is attempting to secure.

Staff recommended that the District's petition to refinance its 1996 A Bond by issuing the 2006 Series Bond in the amount of $3,470,000 at an interest rate of 4.347% be granted.

On July 18, 2006, the District filed a response to the Staff memorandum. The District stated that it would like to revise the stated total refinancing amount and interest rate. It is the District's intention to refinance the 1996 A Bond in an amount not to exceed $3,500,000 with an interest rate not to exceed 5.0%. The District stated that the current market is volatile and the interest rates are changing almost daily. Thus, it would be difficult and restrictive for the District to obtain an interest rate exactly as previously stated. A different interest rate would directly effect the total amount refinanced.

Based on the foregoing, the District asked the Commission to authorize the District to take advantage of market conditions and comply with any order issued by the Commission. The District noted that as of the date of its filing, the interest rate was lower than 4.375%.

On July 18, 2006, Staff filed a Further Final Joint Staff Memorandum. Staff recommended that the District be granted approval to refinance its 1996 A Bond by issuing a 2006 Series Bond in an amount not to exceed $3,500,000 with an interest rate not to exceed 5.0%.

DISCUSSION

The current interest rate environment has presented an opportunity to the District to realize debt service savings. In order to allow the District the ability to take advantage of the favorable market conditions, the Commission shall approve the request to issue the Series 2006 Bonds in an amount not to exceed $3,500,000 at an interest rate not to exceed 5.0%.

FINDINGS OF FACT

1. On June 1, 2006, the District filed a petition for consent and approval to issue a Series 2006 Bond which would be used to refund its existing 1996 A Bond.

2. The 1996 A Bond has an approximate outstanding principal amount of $3,420,000. The District stated that the interest rate on the bond is variable between 5.1% and 5.625%. Currently the District is paying 5.2% interest.

3. Through an agreement with Crews, the District plans to issue the Series 2006 Bonds in an original amount not to exceed $3,500,000 and an interest rate not to exceed 5%.

4. The District anticipates gross debt service savings from the proposed transaction to be approximately $133,239 over the remaining term of the bond.

5. Staff recommended approval of the District's request.

CONCLUSION OF LAW

It is reasonable to approve the District's request to issue the Series 2006 Bond in an amount not to exceed $3,500,000.00, at an interest rate not to exceed 5.0%.

ORDER

IT IS, THEREFORE, ORDERED that the Greenbrier Public Service District's petition for consent and approval to issue Sewer Refunding Revenue Bonds, Series 2006 is hereby granted.

IT IS FURTHER ORDERED that the District is hereby permitted to issue the Series 2006 Bonds described herein in an amount not to exceed $3,500,000.00, at an interest rate not to exceed 5.0%.

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

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

A True Copy, Teste:

Sandra Squire

Sandra Squire
Executive Secretary

JMH/las
060720c.wpd

WEST VIRGINIA, GREENBRIER COUNTY COURT

REGULAR FEBRUARY 7, 1967, TERM.

It is ORDERED that the creation of a Public Service District, pursuant to Chapter 16, Article 13A, Section 2 of the West Virginia Code, embracing the territory within the magisterial district lines of Fort Spring and Lewisburg Magisterial Districts, for the purpose of the construction, maintenance and operation of properties to supply sewage services therein, to be named Greenbrier

Public Service District No. 1 be, and the same is hereby, proposed, and that the 2nd day of March, 1967, at 1:30 o'clock, P. M., in the Circuit Court Room of the Court House of Greenbrier County, West Virginia, at Lewisburg, in said county, be, and the same is hereby fixed as the time and place of a hearing on the creation of the proposed Public Service District, at which hearing all persons residing in, or owning, or having any interest in property in such proposed Public Service District shall have an opportunity to be heard for and against the creation of the same, and the Court shall consider and determine the feasibility of the creation of the proposed district.

It is further ORDERED that the County Clerk shall cause notice of such hearing and the time and place thereof, setting forth a description of all of the territory proposed to be included in said proposed Public Service District, to be given by publication at least once in a newspaper of general circulation published in Greenbrier County, West Virginia, at least ten days prior to such hearing.

Teste: Charles W. Lewis, President.

STATE OF WEST VIRGINIA,

COUNTY OF GREENBRIER, TO-WIT:

I, R. Sandra Morgan, Clerk of the County Commission in and for the County and State aforesaid, do hereby certify that the foregoing is a true and exact copy of the Order of the Greenbrier County Commission proposing the creation of Greenbrier Public Service District # 1,as is recorded in the General Order Book # 19, at page 219.

Given under my hand and seal of said Commission at the Court House, thereof, on this 2nd day of July, 1996.

R Sandra Morgan

R. Sandra Morgan, Clerk
Greenbrier County Commission.

IN THE COUNTY COURT OF GREENBRIER COUNTY, WEST VIRGINIA SPECIAL MARCH 17, 1967 TERM:

A public hearing on the proposed creation of a Public Service District for the purpose of construction, maintenance, and operation of properties to supply sewerage service therein, embracing the territory within the Magisterial District lines of Fort Spring and Lewisburg Magisterial District, having been held on the 2nd day of March, 1967, in the Circuit Courtroom in the Courthouse at Lewisburg, West Virginia, notice of such meeting having been published in The Greenbrier Independent and The West Virginia Daily News, newspapers of general circulation in Greenbrier County, West Virginia, as required by law and as evidenced by Certificate of Publication attached hereto and made a part hereof, all as provided by Order heretofore entered in the Regular February 7, 1967, Term of this Court; a resolution having been adopted by the governing body of the Incorporated town of Lewisburg in Lewisburg Magisterial District consenting to being included in such Public Service District, a copy of which was presented to the Court and is hereto attached; no such Resolution having been adopted by the governing body of Ronceverte Municipality; and no oral protest having filed as provided by law; it is determined after due consideration, that the proposed District will be conducive to the preservation of Public Health, comfort and convenience of such area and that the same is feasible; and therefore hereby ordered that, pursuant to Chapter 16, Article 13A, Section 2, of the Code of West Virginia, a Public Service District, hereby named "Greenbrier Public Service District No. 1", for the purpose of construction, maintenance and operation of properties to supply sewerage service therein be, and the same is hereby created to embrace all of Lewisburg Magisterial District and all of Fort Spring Magisterial District in said County with the exception of the Municipality

of Ronceverte in said Fort Spring Magisterial District, which is hereby expressly excluded from the boundry lines of said District, and the same is hereby, vested with all of the powers in connection with such Public Service District as set forth in the said Article 13A of Chapter 16, of the Code of the State of West Virginia.

IT IS FURTHER ORDERED that the governing body of said Public Service District shall be composed of three (3) members who will constitute the Public Service Board thereof and be vested with all the powers, duties and responsibilities of the same, and that said members and their respective terms of office to which they are hereby appointed shall be as follows:

1. Lowell E. Sebert, a resident of Fairlea, West Virginia, in said Fort Spring District, for a term of two (2) years.

2. Philip L. McLaughlin, a resident of Lewisburg, West Virginia, in said Lewisburg District, for a term of four (4) years.

3. Woodrow Taylor, a resident of Lewisburg, West Virginia, in said Lewisburg District, for a term of six (6) years.

Teste: Charles W. Lewis, President.

STATE OF WEST VIRGINIA,

COUNTY OF GREENBRIER, TO-WIT:

I, R. Sandra Morgan, Clerk of the County Commission in and for the County and State aforesaid, do hereby certify that the foregoing is a true and exact copy of the Order of the Greenbrier County Commission creating Greenbrier Public Service District #1, and the order establishing the three (3) member board who will constitute the Public Service Board, as is found of record in the General Order Book No. 19, at page 241.

Given under my hand and seal of said Commission at the Court House, thereof, on this 2nd day of July, 1996.

R Sandra Morgan

R. Sandra Morgan, Clerk
Greenbrier County Commission.

IN THE COUNTY COURT OF GREENBRIER COUNTY, WEST VIRGINIA

SPECIAL MARCH 17, 1967 TERM:

A PUBLIC HEARING ON THE PROPOSED CREATION OF A PUBLIC SERVICE DISTRICT FOR THE PURPOSE OF CONSTRUCTION, MAINTENANCE, AND OPERATION OF PROPERTIES TO SUPPLY SEWERAGE SERVICE THEREIN, EMBRACING THE TERRITORY WITHIN THE MAGISTERIAL DISTRICT LINES OF FORT SPRING AND LEWISBURG MAGISTERIAL DISTRICT, HAVING BEEN HELD ON THE 2ND DAY OF MARCH, 1967, IN THE CIRCUIT COURTROOM IN THE COURTHOUSE AT LEWISBURG, WEST VIRGINIA, NOTICE OF SUCH MEETING HAVING BEEN PUBLISHED IN THE GREENBRIER INDEPENDENT AND THE WEST VIRGINIA DAILY NEWS, NEWSPAPERS OF GENERAL CIRCULATION IN GREENBRIER COUNTY, WEST VIRGINIA, AS REQUIRED BY LAW AND AS EVIDENCED BY CERTIFICATE OF PUBLICATION ATTACHED HERETO AND MADE A PART HEREOF, ALL AS PROVIDED BY ORDER HERETOFORE ENTERED IN THE REGULAR FEBRUARY 7, 1967 TERM OF THIS COURT; A RESOLUTION HAVING BEEN ADOPTED BY THE GOVERNING BODY OF THE INCORPORATED TOWN OF LEWISBURG IN LEWISBURG MAGISTERIAL DISTRICT CONSENTING TO BEING INCLUDED IN SUCH PUBLIC SERVICE DISTRICT, A COPY OF WHICH WAS PRESENTED TO THE COURT AND IS HERETO ATTACHED; NO SUCH RESOLUTION HAVING BEEN ADOPTED BY THE GOVERNING BODY OF RONCEVERTE MUNICIPALITY; AND NO ORAL PROTEST HAVING BEEN FILED AS PROVIDED BY LAW; IT IS DETERMINED AFTER DUE CONSIDERATION, THAT THE PROPOSED DISTRICT WILL BE CONDUCIVE TO THE PRESERVATION OF PUBLIC HEALTH, COMFORT AND CONVENIENCE OF SUCH AREA AND THAT THE SAME IS FEASIBLE; AND THEREFORE HEREBY ORDERED THAT, PURSUANT TO CHAPTER 16, ARTICLE 13A, SECTION 2, OF THE CODE OF WEST VIRGNIA, A PUBLIC SERVICE DISTRICT, HEREBY NAMED "GREENBRIER PUBLIC SERVICE DISTRICT NO. 1", FOR THE PURPOSE OF CONSTRUCTION, MAINTENANCE AND OPERATION OF PROPERTIES TO SUPPLY SEWERAGE SERVICE THEREIN BE, AND THE SAME IS HEREBY

CREATED TO EMBRACE ALL OF LEWISBURG MAGISTERIAL DISTRICT AND ALL OF FORT SPRING MAGISTERIAL DISTRICT IN SAID COUNTY WITH THE EXCEPTION OF THE MUNICIPALITY OF RONCEVERTE IN SAID FORT SPRING MAGISTERIAL DISTRICT, WHICH IS HEREBY EXPRESSLY EXCLUDED FROM THE BOUNDRY LINES OF SAID DISTRICT, ~~TO BE HEREAFTER CREATED, BE~~, AND THE SAME IS HEREBY, VESTED WITH ALL OF THE POWERS IN CONNECTION WITH SUCH PUBLIC SERVICE DISTRICT AS SET FORTH IN THE SAID ARTICLE 13A OF CHAPTER 16, OF THE CODE OF THE STATE OF WEST VIRGINIA.

IT IS FURTHER ORDERED THAT THE GOVERNING BODY OF SAID PUBLIC SERVICE DISTRICT SHALL BE COMPOSED OF THREE (3) MEMBERS WHO WILL CONSTITUTE THE PUBLIC SERVICE BOARD THEREOF AND BE VESTED WITH ALL THE POWERS, DUTIES AND RESPONSIBILITIES OF THE SAME, AND THAT SAID MEMBERS AND THEIR RESPECTIVE TERMS OF OFFICE TO WHICH THEY ARE HEREBY APPOINTED SHALL BE AS FOLLOWS:

1. LOWELL E. SEBERT, A RESIDENT OF FAIRLEA, WEST VIRGINIA, IN SAID FORT SPRING DISTRICT, FOR A TERM OF TWO (2) YEARS.

2. PHILIP L. MCLAUGHLIN, A RESIDENT OF LEWISBURG, WEST VIRGINIA, IN SAID LEWISBURG DISTRICT, FOR A TERM OF FOUR (4) YEARS.

3. WOODROW TAYLOR, A RESIDENT OF LEWISBURG, WEST VIRGINIA, IN SAID LEWISBURG DISTRICT, FOR A TERM OF SIX (6) YEARS.

[signature]

PRESIDENT

The Greenbrier Independent
"The Old Home Paper"
Lewisburg, West Virginia

NOTICE

Notice of hearing on the creation of a proposed Public Service District embracing the Territory within the Magisterial District Lines of Fort Spring and Lewisburg Districts, Greenbrier County, West Virginia, for the purpose of providing sewage services therein.

To: All persons residing in or owning or having any interest in property in the proposed Public Service District embracing the territory within the Magisterial District lines of Fort Spring and Lewisburg Districts, Greenbrier County, West Virginia.

You, and each of you, are hereby notified that, pursuant to an order of the County Court of Greenbrier County, West Virginia, entered on the 5th day of February, 1967, whereto the court on its own motion proposed the creation of a Public Service District under the authority of chapter 16, article 13a, section 2, of the West Virginia Code, embracing the territory within the magisterial district lines of Fort Spring and Lewisburg Districts, in said county, to be named Greenbrier Public Service District No 1, for the purpose of the construction, maintenance and operation of properties to supply sewage services therein, there will be a public hearing on the creation of the proposed Public Service District in the Circuit Court Room of the Court House at Lewisburg, in said county, at one-thirty o'clock P. M. on the 2nd day of March, 1967, at which hearing all persons residing in or owning or having any interest in property in such proposed Public Service District shall have an opportunity to be heard for and against the creation of the same, and the Court shall consider and determine the feasibility of the creation of the proposed district. At such time and place you may appear and be heard if you so desire.

PAUL C. HOGSETT,
Clerk of the County Court
of Greenbrier County,
West Virginia.

16 1t

I, J. Bright Hern, Publisher of the GREENBRIER INDEPENDENT, a weekly newspaper of general circulation, published in Lewisburg, Greenbrier County, West Virginia, by the Greenbrier Publishing Co., Inc., do hereby Certify that the annexed notice was published— one — weeks consecutively in said newspaper, in its issues of the following date, viz:

February 16, 1967.

Given under my hand this— 2nd — day of — March — , 167.

J. Bright Hern
Publisher

Publication Fee $10.23

BE IT RESOLVED: by the Council of the City of Lewisburg that it hereby consents for the area embraced by the corporate limits of Lewisburg to be included within the boundaries of the proposed Greenbrier Public District No. 1.

I, Wm. S. Coleman, Mayor of City of Lewisburg, West Virginia hereby certify that the foregoing is a true and correct copy of the resolution adopted at the regular meeting, February 7, of the City Council of Lewisburg.

CITY OF LEWISBURG INCORPORATED 1871 GREENBRIER CO. W. VA.

Wm. S. Coleman, Mayor, City of Lewisburg

Attest:

Recorder:

WEST VIRGINIA, Greenbrier County Court March (17th) Term, 1967

WHEREAS, at a regular and continued term of the County Court of Greenbrier County held on February 7, 1967, there was allocated in the budget for the Sheriff's Office for the fiscal year beginning July 1, 1967, and ending June 30, 1968, the sum of $59,300.00, and it is ORDERED that the same be increased by the sum of $800.00 which said sum is to be added to travel expense of $9,200.00, making this total $10,000.00 for this item in the Sheriff's Budget for said fiscal year; and

Further there was allocated by the Court for the said fiscal year for the Assessor's Office the sum of $31,000.00, and it is ORDERED that this be increased by the sum of $1,000.00, which said sum is to be added to extra help, making this total $3,520.00 for said fiscal year.

IN THE COUNTY COURT OF GREENBRIER COUNTY, WEST VIRGINIA SPECIAL MARCH 17, 1967 TERM:

A public hearing on the proposed creation of a Public Service District for the purpose of construction, maintenance, and operation of properties to supply sewerage service therein, embracing the territory within the Magisterial District lines of Fort Spring and Lewisburg Magisterial District, having been held on the 2nd day of March, 1967, in the Circuit Courtroom in the Courthouse at Lewisburg, West Virginia, notice of such meeting having been published in The Greenbrier Independent and The West Virginia Daily News, newspapers of general circulation in Greenbrier County, West Virginia, as required by law and as evidenced by Certificate of Publication attached hereto and made a part hereof, all as provided by Order heretofore entered in the Regular February 7, 1967, Term of this Court; a resolution having been adopted by the governing body of the Incorporated town of Lewisburg in Lewisburg Magisterial District consenting to being included in such Public Service District, a copy of which was presented to the Court and is hereto attached; no such Resolution having been adopted by the governing body of Ronceverte Municipality; and no oral protest having filed as provided by law; it is determined after due consideration, that the proposed District will be conducive to the preservation of Public Health, comfort and convenience of such area and that the same is feasible; and therefore hereby ordered that, pursuant to Chapter 16, Article 13A, Section 2, of the Code of West Virginia, a Public Service District, hereby named "Greenbrier Public Service District No. 1", for the purpose of construction, maintenance and operation of properties to supply sewerage service therein be, and the same is hereby created to embrace all of Lewisburg Magisterial District and all of Fort Spring Magisterial District in said County with the exception of the Municipality

of Ronceverte in said Fort Spring Magisterial District, which is hereby expressly excluded from the boundry lines of said District, and the same is hereby, vested with all of the powers in connection with such Public Service District as set forth in the said Article 13A of Chapter 16, of the Code of the State of West Virginia.

IT IS FURTHER ORDERED that the governing body of said Public Service District shall be composed of three (3) members who will constitute the Public Service Board thereof and be vested with all the powers, duties and responsibilities of the same, and that said members and their respective terms of office to which they are hereby appointed shall be as follows:

1. Lowell E. Sebert, a resident of Fairlea, West Virginia, in said Fort Spring District, for a term of two (2) years.

2. Philip L. McLaughlin, a resident of Lewisburg, West Virginia, in said Lewisburg District, for a term of four (4) years.

3. Woodrow Taylor, a resident of Lewisburg, West Virginia, in said Lewisburg District, for a term of six (6) years.

For all orders and papers pertaining to the estimates for the Fiscal year 1967-1968, see Supplemental Order book of Estimates and Levies No. 6.

It is ordered that the Court stand adjourned until the next term of this Court.

President

STATE OF WEST VIRGINIA

COUNTY OF GREENBRIER, TO-WIT:

I, W. J. LIVESAY, SR., Clerk of the County Commission in and for the County and State aforesaid do hereby certify that the foregoing is a true and exact copy of County Commission Order creating Greenbrier PUblic Service District #1.

GIVEN UNDER MY HAND AND SEAL OF SAID COMMISSION AT THE COURT HOUSE THEREOF, ON THIS 25th DAY OF January, 2006.

COUNTY CLERK

DEPUTY CLERK

WEST VIRGINIA, Greenbrier County Commission Regular June 08, 2004 Term.

It is ordered that Dan Withrow be and he is hereby re-appointed to a six-year term as a member of the Greenbrier Public Service District #1. Said term to expire 07/01/2010. He to serve along with Marshall Musser, whose term expires 07/01/2006, and Doug Warren, whose term expires 07/10/2008.

GREENBRIER COUNTY COMMISSION:

Steve Malcomb, President

Betty D. Crookshanks, Commr.

Lowell C. Rose, Commr.

No Fee
Return to PSD

BOOK 02 PAGE 504

W J LIVESAY
GREENBRIER County 10:10:32 AM
Instrument No 33910
Recorded Date 06/23/2006
Document Type OATH
Book-Page 2-504

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, GREENBRIER COUNTY, TO WIT:

I, Doug Warren, having been duly appointed to the office of Board Member of the Greenbrier Public Service District #1 do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgment, so help me, God.

Doug Warren
Doug Warren

Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 23rd day of June, 2006.

W J Livesay Jr, Clerk

412872

No Fee
Retuen to PSD

BOOK 02 PAGE 505

W J LIVESAY
GREENBRIER County 10:11:31 AM
Instrument No 3391
Recorded Date 06/23/2006
Document Type OATH
Book-Page 2-505

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, GREENBRIER COUNTY, TO WIT:

I, Dan Withrow, having been duly appointed to the office of Board Member of the Greenbrier Public Service District #1 do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgment, so help me, God.

Dan Withrow

Dan Withrow

Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 23rd day of June, 2006.

W J Livesay Jr., Clerk

412872

Return to PSD

BOOK 02 PAGE 506

W J LIVESAY
GREENBRIER County 10:12:21 AM
Instrument No 33912
Recorded Date 06/23/2006
Document Type OATH
Book-Page 2-506

OFFICER'S OATH

THE STATE OF WEST VIRGINIA, GREENBRIER COUNTY, TO WIT:

I, Marshall Musser, having been duly appointed to the office of Board Member of the Greenbrier Public Service District #1 do solemnly swear that I will support the Constitution of the United States and the Constitution of this State, and that I will truly and faithfully discharge all the duties of said office, during my continuance therein, to the best of my skill and judgment, so help me, God.

Marshall Musser

Marshall Musser

Subscribed and sworn to before the undersigned Clerk of the County Commission of said county, this 23rd day of June, 2006.

_____, Clerk

412872

PROCEDURAL RULE
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
OPEN GOVERNMENTAL PROCEEDINGS

1. General.

1.1. Scope. -- This rule establishes procedures for providing notice to the public and the news media of all regularly-scheduled, special and emergency meetings of the Greenbrier Public Service District No. 1.

1.2. Authority. -- W. Va. Code § 6-9A-3.

1.3. Adoption Date. -- July 19, 2005.

1.4. Effective Date. -- August 1, 2005.

2. Definitions.

2.2. "District" means the Greenbrier Public Service District No. 1.

3. Notice.

3.1. Regularly Scheduled Meetings -- The District shall cause notice of its regularly scheduled meetings to be posted at the front door of its office and at the front door of the Greenbrier County Courthouse at least five days prior to the date of the meeting. Notice provided under this section shall include the date, time, place and agenda of the meeting.

3.2. Special Meetings -- The District shall cause notice of its special meetings to be posted as set out in 3.1 at least three days prior to the date of the meeting. Notice provided under this section shall include the date, time, place and purpose of the meeting.

3.3. Emergency Meetings -- The District, may post notice of its emergency meetings requiring immediate official action as set out in 3.1 at any time prior to such meeting. Notice provided under this section shall include the date, time, place and purpose of the meeting and the facts and circumstances of the emergency.

4. Continued Meetings.

4.1. For purposes of this rule, the announcement of continuation at a meeting otherwise noticed hereunder shall be deemed reasonable notice of the reconvening of the continued meeting.

5. Additional Notice.

5.1. Nothing in this rule shall prohibit the District from providing additional notice for any particular meeting which it deems desirable or necessary, including the practice of causing the notice to

be provided to local newspapers, television stations, radio stations and other news media.

6. Amendments to Agenda.

6.1. If amendments to the agendas published in accordance with these rules should occur prior to the date of any regularly-scheduled meeting, the District shall provide immediate notice of such amendment by posting a copy of the amended agenda at a prominent place at the location where the meeting is to be held.

7. Telephone and Electronic Conferences.

7.1. Attendance – Members of the District may participate in any regularly-scheduled, special or emergency meeting by telephone conference or other similar electronic means.

7.2. Participation -- At each meeting where a member participates by telephone or electronic means, the presiding officer of the District shall convene the meeting and advise the public of the identity of the member participating in said manner. The voice, comments and votes of said member shall be audible to all those personally present at the meeting.

7.3. Voting – Members participating in a meeting of the District by telephone or electronic means may cast votes on any matter to be voted upon at the meeting; *provided*, that no member may cast his or her vote by facsimile transmission. Where a majority of the members of the District have participated in a meeting by telephone or electronic means, the actions taken at that meeting shall be ratified at the next succeeding regularly scheduled meeting of the District, and said ratification shall be placed in the minutes of the meeting. Where less than a majority of the members of the District have participated in a meeting by telephone or electronic means, the votes of those members so participating shall be confirmed at the next succeeding regularly schedule meeting of the body, and said confirmation shall be placed in the minutes of the meeting.

8. Severability.

8.1. If any word, phrase or provision of this rule is held to be invalid, the remainder of the rule shall, to the fullest extent possible, not be affected by that holding.

GREENBRIER PUBLIC SERVICE DISTRICT #1
318 West Washington Street • P.O. Box 1010 • Lewisburg, WV 24901
(304) 645-6632

MINUTES
June 16, 2006

REGULAR COMMISSION MEETING

Greenbrier Public Service District No. 1 held a regular meeting on June 16, 2006 at 7:00 a.m. at the District office. Present were Commissioner Dan Withrow, Chairman, Commissioner Marshall Musser, and Commissioner Doug Warren, along with staff members David Gray and Lisa Bennett. Criss Haynes attended as District engineer. Guests present were Tom Iles and Russ Siegel.

The minutes from the regular meeting held on May 19, 2006 were presented. Upon hearing no discussion, a motion was made by Commissioner Doug Warren to accept the minutes as presented. Second was made by Commissioner Dan Withrow. A vote was taken, by show of hands. The motion passed unanimously.

Old Business

Mr. Gray reported that he has received no response from the City of Ronceverte regarding either the consolidation proposal or the new draft agreement since the proposals were originally put forth. Mr. Gray intends to write the City a letter to let them know the District is still willing to negotiate and discuss the issues. A lengthy discussion ensued regarding the expenses the District has put forth over the years toward the treatment plant. The Board also discussed the proposed painting of Unit #1 that the City of Ronceverte recently advertised for bid. Both Mr. Haynes and Mr. Gray felt that the expense of the painting project should be considered a capital improvement and that the District was not notified of the project in a timely manner, thus preventing the District the opportunity to provide input on the specifications. The Board discussed conducting a working meeting with Ronceverte City Council members to discuss the numerous issues between the District and the City. Mr. Withrow volunteered to speak to City of Ronceverte attorney Perry Pauley and Mayor Gail White to see if such a committee could be established. Mr. Gray agreed to wait on writing a letter to the City until after Mr. Withrow's discussion with the two City of Ronceverte representatives.

Mr. Gray stated that he had nothing new to report on the building project at Pump Station 1 in Fairlea. Mr. Haynes said he has received no response from the WVDOH regarding the pond project, and that he will try to have an update available at the next Board meeting.

Mr. Gray reported that the construction on the Northern Lewisburg Sewer Extension Project, Phase I, began on June 12. Both he and Mr. Haynes are monitoring the work, which is going well. The contractor is scheduled to submit an invoice, including detailed payroll records, on the second Friday of each month. This will allow the invoice to be reviewed and presented for payment at the regular monthly Board meeting to be held on the following Friday. Mr. Haynes presented photographs of the construction progress depicting the pipe laying and compaction procedure. Since the article announcing the construction was printed in the newspaper, the District has received numerous phone calls from residents in the project vicinity requesting information.

Mr. Gray reported that the District has received the approval from the WV Public Service Commission for the mainline extension agreements with Ream Interests and John Perry. The District is working on the right-of-ways and has received preliminary approval from the WVDOH to work along the state highway. Mr. Gray does not anticipate construction to begin until sometime late July.

Tom Iles and Russ Siegel, both residents of the Echols Acres subdivision, addressed the Board regarding the proposed sewer line for that subdivision. They questioned the existence of Federal and/or State mandates requiring public sewer systems as opposed to septic systems. Mr. Gray explained that State Code does dictate lot sizes for septic systems and that in lieu of having public sewer available, in the past, the homes built in Echols Acres were allowed to construct septic systems and obtain approval from the Health Department for such systems. Mr. Haynes discussed the karst topography native to this region and the existing concerns with protecting groundwater supplies due to large population densities in areas that are not sewered. Mr. Iles felt that the Rolling Hills subdivision should be considered for public sewer before Echols Acres, since it is located within City limits. It was explained that the District plans on including both the Rolling Hills and Echols Acres subdivisions in the next phase of the 219 North extension, although the order of construction at this point is not known. Mr. Siegel expressed concerns about the cost of the extension and how it would be funded. Mr. Gray explained that the District would attempt to obtain free money for the project, if available. The costs of the project would be spread out over the District's service area as a whole, through rate structuring, therefore, residents of the respective subdivisions would not bear all of the cost. Mr. Gray also stated that the density of population in the subdivision allows for a very economical project to be undertaken, allowing the cost, overall, to individual customers to be low. Mr. Siegel discussed the availability of alternatives to public sewer systems, to which Mr. Haynes replied are more expensive, in addition to having the problem of disposing of the wastewater. Public sewer systems offer a long-time solution at a reasonable price, although the initial expense of the installation is high.

The loan agreement with First Citizens is still ongoing. The District will continue to fund the Phase 1 219 North Extension with the temporary money obtained from First National Bank, and utilize the offer from First Citizens at some point in the future. Mr. Gray presented the Board members the documents from First National for their signature to establish a checking account, exclusively for the construction. Once the project is completed, the account will be closed.

Mr. Gray reported that the WV Public Service Commission has not completed its Cost of Study survey for the City of Ronceverte, which the municipality requested be done. The District can become involved in the investigation at any time through the filing of a General Investigation request with the PSC. Doing so will give the PSC the opportunity to look at issues that they are unable to do so during the Cost of Study survey. The District may also make a General Investigation request after the report is completed and finds items that need further clarification.

The bond refinancing is progressing, however, in order to proceed further, the Board needs to conduct an organizational meeting, which is required annually by the WV State Code. Mr. Musser moved that the current officers be re-elected. Mr. Warren seconded. The officers are Dan Withrow, Chairman, Doug Warren, Secretary, and Marshall Musser, Treasurer. A vote was taken, by show of hands. The motion passed unanimously. The Board members must appear before County Clerk, William Livesay, to be sworn in, which Ms. Bennett will make the arrangements for.

NEW BUSINESS

The Balance Report, Receivables Report, and Cash Flow Summary were distributed for review. Mr. Gray noted that this month's payment to Ronceverte for treatment expense is the last that will reflect a credit for overpayments the District made, and that he intends to start monitoring the flow at the meter pit to ensure that the District is being billed for correct usage. Mr. Warren made a motion to approve the financial reports as presented. Second was made by Commissioner Withrow.

Mr. Musser and Mr. Gray reported on a meeting they had with City of Lewisburg Mayor John Manchester regarding Mr. Musser's re-appointment to the District's board, as the City of Lewisburg's representative. During the meeting Mr. Musser told the Mayor that he would do what is best for the District's customers in general, not just those that live within City limits. Mayor Manchester said he would recommend to City Council that Mr. Musser be re-appointed. The Mayor also expressed concern about downtown locations that are not connected to the public sewer system, an administrative issue that Mr. Gray will be dealing with in the future. The District will make every effort to connect those locations that they reasonably can. Mayor Manchester also expressed concern about the lack of communication between the District and the City. Mr. Gray volunteered to disseminate a quarterly report to them.

Mr. Gray notified the Board that the generator at Pump Station 14 located at the Greenbrier Valley Airport caught fire and most likely will be unrepairable. Generator and Starter Repair Inc. from St. Albans looked at the equipment and will be getting back in touch with the District as to their assessment. The District's insurance carrier has been notified of the damage. The unit was originally installed in 1985. Mr. Gray will report further on the cost of replacement and the status of the insurance claim.

Mr. Gray reported that the District has been approached by a developer wanting to connect 27 homes, and 10 town homes to the public sewer system. The property is located on Stonehouse Road, about 2 miles from the nearest connect point on the District's system, and about 1 mile from the force main line owned by the Greenbrier County Landfill. The Landfill would be agreeable to allowing the District to take over the ownership and maintenance of the line in exchange for $30,000 credit on their sewage bill. The Landfill would continue to own and maintain their pump station. Mr. Gray has done some research on the line and believes we could connect customers to it, however, he is requesting the Board take no action on the issue as of this date. Mr. Gray will continue to work on the proposal and keep the Board informed as to any developments.

With no further business, Mr. Withrow made a motion to adjourn. The second was made by Doug Warren. A vote was taken by a show of hands. The motion unanimously passed.

Meeting adjourned at 8:53 a.m.

Dan Withrow, Chairman

Doug Warren, Secretary

GREENBRIER PUBLIC SERVICE DISTRICT #1
318 West Washington Street • P.O. Box 1010 • Lewisburg, WV 24901
(304) 645-6632 • Fax (304) 645-5362
greenbrierpsd1@charterinternet.com

MINUTES

OCTOBER 20, 2006

SPECIAL COMMISSION MEETING

PUBLIC HEARING AND BOND REFINANCE

Greenbrier Public Service District No. 1 held a public hearing and special meeting on October 20, 2006 at 7:00 a.m. at the District office. Present were Commission Chairman Dan Withrow, Commission Treasurer Marshall Musser, Commission Secretary Doug Warren, along with staff members David Gray, and Lisa Bennett. Mr. Criss Haynes was present as the District's Engineer. Also present was Barry Cunningham, an Investment Banker representing Crews & Associates, the banking firm that is purchasing the District's bonds. Mr. John Stump from Steptoe and Johnson was present as Bond Counsel for the District.

Mr. Stump reviewed the District's history regarding its bonds. In 1983, the District issued sewer revenue bonds to the West Virginia Water Development Authority. There were two series, A & B, both of which issued bonds. The A series bore interest at a specified rate, while the B series was at zero percent. In 1996, the A series were refinanced to take advantage of a lower interest rate. These bonds contained a provision to allow them to be refinanced 10 years after their issuance.

Mr. Cunningham distributed and reviewed a pre-pricing summary of the refinancing which detailed the outstanding expected balance as of December 1, 2006, the average annual net debt service, and the average annual savings based on the refinanced interest rate (copy attached). The payoff date of October 1, 2019 would remain the same and the covenants and provisions are basically identical to the 1996 issue.

District Manager David Gray opened the floor to public hearing regarding the bond reissuance. Mr. Stump provided a copy of the notice of the public hearing that was published and posted regarding the refinance. Mr. Gray noted that there were no public persons present and subsequently closed the public hearing.

Mr. Stump presented the Resolution Authorizing the Refunding of the Sewer Refund Revenue Bond Series 1996 of Greenbrier Public Service District #1 and the Issuance of Sewer Refund Revenue Bond Series 2006. Commissioner Withrow made the motion to accept the Resolution as presented by Mr. Stump. Second was made by Commissioner Musser. A vote was taken, by show of hands. The motion passed unanimously.

Mr. Stump then presented a Supplemental Parameters Resolution that states the parameters under which the bonds may be issued. Commissioner Withrow made the motion to accept the Supplemental Resolution as presented by Mr. Stump. Second was made by Commissioner Warren. A vote was taken, by show of hands. The motion passed unanimously.

The Certificate of Determination, along with a bond purchase agreement, will be signed by the District Chairman on the dates that the bonds are sold, tentatively planned for October 24, 2006. These will lock in the District's interest rate. Mr. Stump will return to the District with a set of documents to be signed in a few weeks, in addition to providing a transcript of the proceedings.

With no further business, Mr. Withrow made a motion to adjourn. The second was made by Mr. Warren. A vote was taken by a show of hands. The motion unanimously passed.

Meeting adjourned at 9:24 a.m.

Dan Withrow, Chairman

Doug Warren, Secretary

The West Virginia Daily News
P.O. Box 471
Lewisburg, WV 24901
PHONE: (304) 645-1206

AFFIDAVIT OF PUBLICATION

NOTICE OF PUBLIC HEARING OF THE PUBLIC SERVICE BOARD OF GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 TO ADOPT BOND RESOLUTION

A special meeting of the Public Service Board of the Greenbrier Public Service District No. 1 (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 Friday, October 20, 2006, at 9:00 a.m., prevailing time, at the district's offices at 318 West Washington Street, Lewisburg, West Virginia, and at such meeting the board shall consider and adopt such resolution entitled:

A resolution authorizing the refunding of the sewer refunding revenue bonds, series 1996 of Greenbrier Public Service District No. 1: the issuance of sewer refunding revenue bonds, Series 2006, of the district in the aggregate principal amount of not more than $4,000,000, the proceeds of which, together with other funds of the district, shall be expended for such refunding and to pay costs in connection therewith; providing for the rights and remedies of, and the secruity for, the registered owners of such bonds; authorizing the execution and delivery of a prepayment agreement, a continuing disclosure agreement and other documents; authorizing the sale and providing for the terms and provisions of such bonds and adopting other provisions with respect to such bonds.

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 finance the (i) refunding of the Issuer's Sewer Refunding Revenue Bonds, Series 1996 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 sewerage 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 financing contemplated by the resolution. Such meeting is open to the public.

Dated: October 10, 2006

(s) Doug Warren
Secretary

(10oc)

Publication Fee: $ 11.23

STATE OF WEST VIRGINIA
COUNTY OF
GREENBRIER, TO WIT:

I, Louise Bassett, **one of the editors of The West Virginia Daily News, a daily newspaper of general circulation published at Lewisburg, West Virginia, in the County of Greenbrier, State of West Virginia, do certify that publication of the advertisement or advertisements attached hereto was made in** One (1) **issues of said newspaper, dated** 10 Oct. 2006.

Given under my hand this the 10th **day of** Oct, **2006.**

Louise Bassett
Editor or Publisher

before me this 10th **day of** October, **2006.**

Sept 11 2010.

Notary Public.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JUDY STEELE
302 ALDERSON ST.
LEWISBURG, WV 24901
My commission expires September 11, 2010

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

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Writer's Contact Information

November 15, 2006

Greenbrier Public Service District No. 1
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2006

Greenbrier Public Service District No. 1
Lewisburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Greenbrier Public Service District No. 1 (the "Issuer") of its $3,185,000 in aggregate principal amount Sewer Refunding Revenue Bonds, Series 2006 (the "Series 2006 Bonds").

The Series 2006 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 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on October 20, 2006, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on October 20, 2006 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2006 Bonds are issued in fully registered form, are dated November 1, 2006, upon original issuance, mature on October 1 in years and amounts and bear interest payable each April 1 and October 1, commencing April 1, 2007, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Resolution.

The Series 2006 Bonds are issued for the purposes of (i) paying a portion of the costs necessary to currently refund all of the Issuer's outstanding Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, issued in the original aggregate principal amount of $4,420,000 (the "Series 1996 Bonds"); (ii) funding a reserve account for the Series 2006 Bonds; and (iii) paying a portion of the costs of issuance of the Series 2006 Bonds and other costs in connection with such refunding.

The Series 2006 Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated October 24, 2006, and accepted by the Issuer (the "Purchase Agreement").

The Series 1996 Bonds will be currently refunded pursuant to a Prepayment Agreement dated the date hereof, by and between The Bank of New York (successor to One Valley Bank, National Association, corporate trust services) (the "Bank"), the West Virginia Municipal Bond Commission and the Issuer (the "Prepayment Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2006 Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement, the Prepayment Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2006 Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2006 Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2006 Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. The Series 2006 Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1983 B, dated June 23, 1983, originally issued in the aggregate principal amount of $910,000, (the "Series 1983 B Bonds"), with respect to liens, pledge and source of and security for payment and in all other respects all in accordance with the terms of the Series 2006 Bonds and the Resolution, as more fully defined and described in the Resolution.

5. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 Bonds (including original issue discount properly allocable to owners of the Series 2006 Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2006 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2006 Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2006 Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2006 Bonds to be includable in gross income retroactive to the date of issuance of the Series 2006 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2006 Bonds except as expressly set forth in paragraph 6.

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2006. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2006 Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2006 Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

8. The Series 1996 Bonds have been paid within the meaning and with the effect expressed in the 1996 Resolution and the Prepayment Agreement, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1996 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the Bank relating to the sufficiency of the moneys on deposit to provide for the payment on December 1, 2006, of the principal of, interest on and redemption premium of the Series 1996 Bonds.

9. The Series 2006 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2006 Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2006 Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2006 Bonds, the Resolution, the Continuing Disclosure Certificate and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. AR-1 through AR-13 of said issue, and in our opinion, said Series 2006 Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW
Clarksburg Charleston Morgantown Martinsburg Wheeling Huntington

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Writer's Contact Information

November 15, 2006

$3,185,000
Greenbrier Public Service District No. 1
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2006

Greenbrier Public Service District No. 1
Lewisburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance and sale by Greenbrier Public Service District No. 1 (the "Issuer") of its $3,185,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2006 (the "Bonds"). As bond counsel, we are delivering an opinion of even date herewith concerning the legality of the Bonds and the exclusion of interest on the Bonds from gross income for federal income tax purposes (the "Bond Opinion"). We have examined the documents and instruments as described in the Bond Opinion, the Official Statement and such other matters as we have deemed necessary or appropriate to render this opinion. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Purchase Agreement (the "Bond Purchase Agreement") dated October 24, 2006, by and between the Issuer and Crews & Associates, Inc. (the "Underwriter") and approved by the Issuer.

Based upon the foregoing, we are of opinion that:

(1) The Purchase Agreement has been duly authorized, executed and delivered by the District and, assuming due authorization, execution and delivery by the other parties thereto, is a legal, valid, binding and enforceable obligation of the District (except to the extent that enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights generally).

(2) The District, under the Act, has full power and authority to adopt the Resolution, enter into the Prepayment Agreement (the "Undertaking") and the Purchase Agreement and perform its obligations thereunder.

(3) The Official Statement has been duly approved, signed and delivered by the District, and the District has authorized the distribution of the Official Statement and the use thereof by the Underwriter in connection with the public offering of the Series 2006 Bonds.

(4) The statements contained in the Official Statement under the caption "Tax Matters" are true and accurate in all material respects and presents a fair and accurate summary and description of the matters summarized and described under such caption.

(5) The statements contained in the Official Statement under the captions "Security for the Series 2006 Bonds," (except for the statements made under the sub-captions "Book-Entry Only System"

with respect to The Depository Trust Company), and "Financing Plan," insofar as such statements contained under such captions purport to summarize certain matters set forth therein and certain provisions of the Resolution, are complete and accurate and present a fair summary of the matters referred to therein;

(6) The Series 2006 Bonds are exempt from registration pursuant to the Securities Act of 1933, as amended, and the Resolution is exempt from qualification as an indenture pursuant to the Trust Indenture Act of 1939, as amended.

Very truly yours,

STEPTOE & JOHNSON PLLC

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November 15, 2006

$3,185,000
Greenbrier Public Service District No. 1
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2006

Crews & Associates, Inc.
As the Underwriter named in the
Bond Purchase Agreement dated October 24, 2006
by and between said Underwriter and
Greenbrier Public Service District No. 1

Greenbrier Public Service District No. 1
Lewisburg, West Virginia

Ladies and Gentlemen:

We have served as bond counsel with respect to the above-referenced bonds (the "Series 2006 Bonds"). The initial public offering price of the Series 2006 Bonds maturing on October 1, 2007, October 1, 2010 through 2019, each inclusive (the "Discount Bonds"), is less than that amount payable on the Discount Bonds at maturity. The difference between the initial public offering price at which the Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). We are of the opinion that amounts received upon such disposition which are attributable to accrued OID will be treated as tax-exempt interest, rather than as taxable gain, for federal income tax purposes.

Interest in the form of OID is treated as compounding semiannually on days which are determined by reference to the maturity date of the Discount Bonds. The amount of OID, which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period, is equal to the difference between the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, the OID which would have accrued for that

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semiannual compounding period for federal income tax purposes is to be apportioned in equal amount among the days in such compounding period. Holders of Discount Bonds should consult their tax advisors with respect to the determination for federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

The Series 2006 Bonds maturing on October 1, 2008 ("OIP Bonds"), will be sold with an original issue premium ("OIP"). The original issue premium will be equal to the excess of a holder's tax basis in the OIP Bonds over the amount payable at maturity, or in the case of an OIP Bonds subject to redemption, the amount payable on the redemption date. Under current law, the original issue premium for an OIP Bonds must be amortized on an annual basis by the holder thereof. The amount of original issue premium amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Internal Revenue Code requires that the amount of annual amortization for the OIP Bonds be deducted from the holder's tax basis in such OIP Bonds. This reduction in a holder's tax basis will affect the amount of capital gain or loss to be recognized by the holder when the OIP Bonds are sold or redeemed. Holders of OIP Bonds should consult their tax advisors with respect to the determination and treatment of amortizable original issue premium for federal income tax purposes, and with respect to the state and local tax consequences of owning such OIP Bonds.

Very truly yours,

STEPTOE & JOHNSON PLLC

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November 15, 2006

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

Re: $3,185,000 Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 2006

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by Greenbrier Public Service District No. 1 (the "District") of its Sewer Refunding Revenue Bonds, Series 2006, in the aggregate principal amount of $3,185,000 (the "Series 2006 Bonds"). In connection with rendering this opinion, we have examined the Official Statement dated October 24, 2006, the Bond Purchase Agreement dated October 24, 2006 (the "Purchase Agreement"), the Continuing Disclosure Agreement dated November 15, 2006 (the "Undertaking"), and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing review, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule. In rendering the foregoing opinion, we have relied as to certain matters on information obtained from officials of the District and other sources believed by us to be responsible and we have assumed that the Undertaking has been duly authorized, executed and delivered by the parties thereto.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the District, counsel for the District, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including Appendix A and Appendix B thereto as to which we express no opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

{C1142269.1}

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2006 Bonds.

Very truly yours,

Jack Kelly PLLC

STEVE HUNTER ASSOCIATES, L.C.
ATTORNEYS AT LAW

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November 15, 2006

$3,185,000
Greenbrier Public Service District No. 1
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2006

Greenbrier Public Service District No. 1
Lewisburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

I have served as counsel for Greenbrier Public Service District No. 1 (the "Issuer") and have acted as such in connection with the sale of the above-referenced Bonds (the "Bonds"), which are being delivered and sold pursuant to a Bond Purchase Agreement dated as of October 24, 2006 (the "Bond Purchase Agreement"), by and between Crews & Associates, Inc. (the "Underwriter") and the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Purchase Agreement.

In this connection, I have reviewed and examined certain proceedings and documents with respect to the Bonds, any such records, certificates and other documents as I have considered necessary or appropriate for the purposes of this opinion, the Constitution and the laws of the State of West Virginia, specifically Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (collectively, the "Act"), the Resolution of the Issuer relating to the Bonds adopted on October 20, 2006, as supplemented by a Supplemental Parameters Resolution adopted October 20, 2006 (collectively, the "Resolution"), the Prepayment Agreement, the Undertaking, the Bond Purchase Agreement, the Preliminary Official Statement dated October 20, 2006, and the Official Statement dated October 24, 2006, with respect to the issuance and offering of the Bonds (collectively, the "Official Statement") and a closing certificate of the Issuer. Based on such review and such other considerations of law and fact as I believe to be relevant, I am of the opinion that:

1. The Issuer is a public service district, public corporation and political subdivision of the State of West Virginia. The Issuer is authorized by the laws of the State of West Virginia, as provided by the Act, to enter into and perform its obligations under the Resolution, the Prepayment Agreement, the Undertaking and the Bond Purchase Agreement.

2. The Issuer has full power and authority to consummate all transactions contemplated by the Bonds, the Bond Purchase Agreement, the Undertaking, the Prepayment Agreement and any and other agreements relating thereto, to which the Issuer is a party.

3. The Issuer has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Prepayment Agreement, the Undertaking and the Bond Purchase Agreement; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Issuer and the issuance and delivery of the Bonds upon the terms set forth in the Resolution; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

4. The Prepayment Agreement, the Undertaking and the Bond Purchase Agreement have been duly and validly authorized, executed and delivered by the Issuer and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

5. The Resolution has been duly adopted at meetings of the governing body of the Issuer which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the adoption of the Resolution.

6. The execution and delivery by the Issuer of the Prepayment Agreement, the Undertaking and the Bond Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of the provision of, or in default under, the West Virginia statutes organizing and governing the Issuer or, to the best of my knowledge after diligent inquiry and review of the Issuer's records, any agreement or other instrument to which the Issuer is a party or by which it or its properties are bound.

7. All actions necessary to be taken by the Issuer have been taken, and no additional approval, authorization, consent or other order of the Issuer or any public board or body is legally required to allow the Issuer to enter into and perform its obligations under the Prepayment Agreement and the Bond Purchase Agreement or as described in the Official Statement.

8. The Issuer is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the Issuer.

9. There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Issuer is a party or of which any property of the Issuer is subject, except as described in the Official Statement, which, if determined adversely to the Issuer, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Bonds, the Prepayment Agreement, the Undertaking or the Bond Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the Issuer to comply with its obligations under the Prepayment Agreement or the Bond Purchase Agreement, or materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Issuer.

10. Based upon my experience as counsel for the Issuer and on my review of the Official Statement, and after diligent inquiry, the statements and information contained in the Official Statement under the captions or subcaptions "Introduction," "Financing Plan," "The Series 2006 Bonds," "Security for the Series 2006 Bonds," "Litigation," "Legal Matters", "Continuing Disclosure", and "Appendix A - The System and the Service Area" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

11. The Issuer has duly authorized all action necessary to be taken by it or on its behalf for (i) the execution and delivery of the Prepayment Agreement, the Undertaking and the Bond Purchase Agreement; (ii) the approval of the distribution of the Official Statement; (iii) the ratification of the actions of the Issuer and the issuance and delivery of the Bonds upon the terms set forth in the Resolution; and (iv) the carrying out, giving effect to and consummation of the transactions contemplated thereby.

12. The Prepayment Agreement, the Undertaking and the Bond Purchase Agreement have been duly and validly authorized, executed and delivered by the Issuer and the same are in full force and effect as of the date hereof and are valid and legally binding obligations of the Issuer, enforceable against the Issuer in accordance with their respective terms, except to the extent the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting creditors' rights generally.

13. The Resolution has been duly adopted at meetings of the governing body of the Issuer which were called and held pursuant to law and in accordance with all applicable open meeting laws and at which a quorum was present and acting at the time of the adoption of the Resolution.

14. The execution and delivery by the Issuer of the Prepayment Agreement, the Undertaking and the Bond Purchase Agreement and the performance of its obligations thereunder do not and will not result in a violation of the provision of, or in default under, the West Virginia statutes organizing and governing the Issuer or, to the best of my knowledge after diligent inquiry and review of the Issuer's records, any agreement or other instrument to which the Issuer is a party or by which it or its properties are bound.

15. All actions necessary to be taken by the Issuer have been taken, and no additional approval, authorization, consent or other order of the Issuer or any public board or body is legally required to allow the Issuer to enter into and perform its obligations under the Prepayment Agreement and the Bond Purchase Agreement or as described in the Official Statement.

16. The Issuer is not in violation of any provision of, or in default under, West Virginia statutes organizing and governing the Issuer.

17. There are no legal or governmental actions, proceedings, inquiries or investigations pending or threatened by governmental authorities or to which the Issuer is a party or of which any property of the Issuer is subject, except as described in the Official Statement, which, if determined adversely to the Issuer, would individually or in the aggregate (i) materially and adversely affect the validity or the enforceability of the Bonds, the Prepayment Agreement, the Undertaking or the Bond Purchase Agreement, (ii) otherwise materially or adversely affect the ability of the Issuer to comply with its obligations under the Prepayment Agreement or the Bond Purchase Agreement, or materially and adversely affect the transactions contemplated by the Official Statement to be engaged in by the Issuer.

18. Based upon my experience as counsel for the Issuer and on my review of the Official Statement, and after diligent inquiry, the statements and information contained in the Official Statement under the captions or subcaptions "Introduction," "Financing Plan," "The Series 2006 Bonds," "Security for the Series 2006 Bonds," "Litigation," "Legal Matters", "Continuing Disclosure", and "Appendix A - The System and the Service Area" do not contain any untrue statement of a material fact or omit to state any material fact necessary to make such statements, in light of the circumstances under which they were made, not misleading in any material respect.

I hereby consent to the references made to me in the Official Statement.

Very truly yours,

J. STEVEN HUNTER, ESQUIRE

10.27.06
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$3,185,000

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
Sewer Refunding Revenue Bonds, Series 2006

GENERAL CERTIFICATE OF
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. PUBLIC SERVICE COMMISSION APPROVAL
5. AWARD OF BONDS; SIGNATURES
6. DELIVERY AND PAYMENT
7. CERTIFICATION OF DOCUMENTS
8. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
9. MEETINGS, ETC.
10. INCUMBENCY AND OFFICIAL NAME
11. RATES
12. DEFEASANCE OF PRIOR BONDS
13. OFFICIAL STATEMENT CERTIFICATION
14. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 6(c)(5) and 6(c)(14)
15. DESIGNATION OF REGISTRAR, PAYING AGENT AND DEPOSITORY BANK
16. IRS INFORMATION RETURN
17. SPECIMEN BONDS
18. RELIANCE

We, the undersigned CHAIRMAN and SECRETARY of the public service board (the "Board") of Greenbrier Public Service District No. 1, Greenbrier County, West Virginia (the "Issuer"), and the undersigned COUNSEL for the Issuer, hereby certify that on the 15th day of November, 2006, in connection with the $3,185,000 aggregate principal amount of the Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 2006 (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 meanings as set forth in the bond resolution of the Issuer duly adopted October 20, 2006, as supplemented by a supplemental parameters resolution duly adopted October 20, 2006 (collectively, the "Bond Legislation"), and the Bond Purchase Agreement dated October 24, 2006 (the "Bond Purchase Agreement"), by and between the Issuer and the Underwriter.

2. NO LITIGATION: No controversy or litigation of any nature is now pending or threatened, restraining, enjoining, or affecting in any manner the issuance and delivery of the Bonds, or the collection of the Net Revenues of the System or the pledge thereof to the payment of the principal of and interest on the Bonds, nor in any manner questioning the proceedings and authority by which the Issuer authorized the issuance and sale of the Bonds, nor in any manner affecting the validity or

enforceability of the Bonds, the Bond Legislation, the Prepayment Agreement, the Undertaking or the Bond Purchase Agreement or any agreement or instrument relating thereto, used or contemplated by the Bond Purchase Agreement or any provisions made or authorized for the payment of the Bonds; nor in any manner questioning the valid existence of the Issuer or the authority or titles of the Chairman, Secretary and the members of the public service board of the Issuer to their respective offices; nor in any manner questioning any proceeding, procedure, action or thing followed, taken or done in connection with the issuance, sale and delivery of the Bonds or the refunding and payment of the Prior Bonds which is not set forth in the Official Statement relating to the Bonds.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bonds, have been duly and timely obtained and remain in full force and effect.

4. PUBLIC SERVICE COMMISSION APPROVAL: By Final Order entered July 28, 2006, in Case No. 06-0720-PWD-PC, the Public Service Commission of West Virginia has approved the issuance of the Bonds for the purpose of refunding the Prior Bonds. The time for appeal of such Final Order has expired prior to the date hereof and no appeal therefrom has been made.

5. AWARD OF BONDS; SIGNATURES: The Bonds were awarded to Crews & Associates, Inc. (the "Underwriter"), upon a negotiated basis at the price of $3,110,102.35 (face amount of $3,185,000, less underwriter's discount of $63,700, less net original issue discount of $11,197.65), plus accrued interest to the date of delivery of the Bonds of $5,031.83 (total of $3,115,134.18). As of the date hereof, the Bonds were duly signed by the manual signature of the Chairman of the Board, and the official seal of the Issuer, which seal is impressed upon this Certificate, was impressed thereon and attested by the manual signature of the Secretary of the Board.

6. DELIVERY AND PAYMENT: The undersigned Chairman did, on the date hereof, deliver to the Underwriter, the entire issue of the Bonds, in various denominations and numbered AR-1 to AR-13, inclusive. At the time of delivery of the Bonds, there was paid to the Issuer (or others, on behalf of the Issuer) the agreed price therefor as follows:

Par Amount	$3,185,000.00
Less: Underwriter's Discount	(63,700.00)
Less: Original Issue Discount	(11,197.65)
Plus: Accrued Interest (November 1 to November 15, 2006)	5,031.83
Total	$ 3,115,134.18

7. CERTIFICATION OF DOCUMENTS: There are delivered herewith true, correct and complete copies of the following documents, all of which remain in full force and effect and have not been amended, modified, supplemented, rescinded or repealed unless changed by the terms of other documents listed below:

Bond Resolution

Supplemental Parameters Resolution

Certificate of Determination

Public Service Commission Order

County Commission Orders Relating to Creation of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Excerpt of Minutes on Adoption of Bond Resolution and Supplemental Parameters Resolution

Tax and Arbitrage Certificate

Prepayment Agreement

Verification Report of Certified Public Accountants Regarding Bond Yield, Sufficiency of Monies and Savings Resulting from Refunding

Prior Bonds Resolutions

Preliminary Official Statement

Official Statement

Bond Purchase Agreement

Continuing Disclosure Agreement

8. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS: There has been no adverse change in the financial condition of the Issuer or the System of the Issuer since October 20, 2006. Upon defeasance of the Prior Bonds on the date hereof, there is not any indebtedness or obligation of the Issuer outstanding and unpaid or for which full and irrevocable provision for payment has not been made which has priority over or ranks on a parity with the Bonds as to the sources of and security for payment, except the Series 1983 B Bonds described in the Official Statement. The Issuer has obtained the consent of the holders of the Series 1983 B Bonds to the issuance of the Bonds on a parity basis.

9. MEETINGS, ETC.: All actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and/or operation of the System, including without limitation the imposition of rates and charges, were authorized or adopted at meetings of the public service

board of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the public service board of the Issuer and all applicable statutes, including without limitation Chapter 6, Article 9A of the Official West Virginia Code of 1931, as amended, and a quorum of duly appointed, qualified and acting members of the public service board was present and acting at all times during all such meetings. All notices required to be posted or published were duly posted and published.

10. INCUMBENCY AND OFFICIAL NAME: The proper corporate title of the Issuer is "Greenbrier Public Service District No. 1" and it is a public service district duly created by The County Commission of Greenbrier County and presently existing under the laws of, and a political subdivision and public utility of, the State of West Virginia. The governing body of the Issuer is its Public Service Board consisting of 3 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
Doug Warren	July 01, 2002	June 30, 2008
Marshall Musser	July 01, 2006	June 30, 2012
Daniel Withrow	July 01, 2004	June 30, 2010

The names of the duly elected, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2006 are as follows:

Chairman	-	Daniel Withrow
Secretary	-	Doug Warren
Treasurer	-	Marshall Musser

The duly appointed and acting Counsel for the Issuer is J. Steven Hunter, Lewisburg, West Virginia.

11. RATES: The Issuer has received the Final Order of the Public Service Commission of West Virginia entered on December 15, 2003, in Case No. 03-0413-PSD-19A, among other things, approving rates and charges for the services of the System and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof and no appeal therefrom has been made.

12. DEFEASANCE OF PRIOR BONDS: The funds on deposit with the Commission pursuant to the Prepayment Agreement by and between the Issuer and The Bank of New York (successor to One Valley Bank, National Association, corporate trust services), the paying agent of the Series 1996 Bonds, dated as of the date hereof, are sufficient to fully pay the entire outstanding principal of, the redemption premium and all interest accrued on the Series 1996 Bonds on December 1, 2006, the Redemption Date. As of the date of hereof, the Series 1996 Bonds have been defeased and currently refunded and the liens and pledges securing the Series 1996 Bonds have been discharged and defeased.

13. OFFICIAL STATEMENT CERTIFICATION: At and since the date of the Official Statement nothing has come to the attention of any signer hereof which would lead any such signer to believe that the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

14. CERTIFICATIONS UNDER BOND PURCHASE AGREEMENT SECTION 6(c)(5) AND SECTION 6(c)(14): In addition to the foregoing, the undersigned hereby certify, as of the date hereof, that: (i) the Issuer has duly performed all of its obligations to be performed at or prior to the Closing and that each of its representations and warranties contained in the Bond Purchase Agreement are true as of the Closing, (ii) the Issuer has authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Bond Legislation, the Undertaking, the Prepayment Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by the Issuer in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to our knowledge no litigation is pending, or to our knowledge threatened, to restrain or enjoin the issuance or sale of the Bonds or in any way affecting any authority for or the validity of the Bonds, the Bond Legislation or the Issuer's existence or powers or the Issuer's right to use the proceeds of the Bonds to refund the Series 1996 Bonds, (iv) the execution, delivery, receipt and due performance of the Bonds, the Bond Legislation, the Prepayment Agreement, the Undertaking and the other agreements contemplated by the Bond Purchase Agreement and the Official Statement under the circumstances contemplated thereby and the Issuer's compliance with the provisions thereof will not conflict with or constitute on its part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which it is subject or by which it is or may be bound, and (v) the Issuer is obligated by the Undertaking pursuant to the Continuing Disclosure Agreement and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5).

15. DESIGNATION OF REGISTRAR, PAYING AGENT, AND DEPOSITORY BANK: The Issuer hereby confirms the appointment of United Bank, Inc., as Registrar, the West Virginia Municipal Bond Commission as Paying Agent, and First-Citizens Bank & Trust Company, West Virginia, as Depository Bank.

16. IRS INFORMATION RETURN: On the date hereof, the undersigned Chairman did officially sign a properly completed IRS Form 8038-G and will cause such executed Form 8038-G to be filed in a timely manner with the Internal Revenue Service Center, Philadelphia, Pennsylvania. The information set forth in such Form 8038 is true, correct and complete in all respects.

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

18. RELIANCE: The undersigned acknowledge that it is intended that interest on the Bonds be exempt from federal income tax in the hands of the owners thereof, that the firm of Steptoe & Johnson PLLC is rendering opinions on the date hereof to said effect and with respect to other matters, and that, in rendering said opinions, said firm is relying, among other things, upon the statements made herein. Said firm is entitled to rely upon such statements.

WITNESS our signatures and the official corporate seal of the GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 on the day and year first written above.

[CORPORATE SEAL]

Signature	Official Title
_____	Chairman
_____	Secretary
_____	Attorney for Issuer

10.31.06
352810/00001

$3,185,000
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
Sewer Refunding Revenue Bonds, Series 2006

TAX AND NON-ARBITRAGE CERTIFICATE

The undersigned, Chairman of Greenbrier Public Service District No. 1 (the "Issuer"), being the official of the Issuer duly charged with the responsibility for the issuance of the $3,185,000 Sewer Refunding Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), of the Issuer, dated November 1, 2006, hereby certifies as follows, all capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Resolution adopted by the Issuer on October 20, 2006, as supplemented (collectively, the "Resolution"), pursuant to which the Series 2006 Bonds are issued:

A. DEFINITIONS

The following words and phrases shall have the following meanings or such other meanings as may be required under the Code or the Regulations. Any capitalized word or term used herein but not defined herein shall have the meaning set forth in the Resolution.

"**Bona Fide Debt Service Fund**" shall mean a fund which may include proceeds of an issue, that:

(a) Is used primarily to achieve a proper matching of revenues with principal and interest payments within each Bond Year; and

(b) Is depleted at least once each Bond Year, except for a reasonable carryover amount not to exceed the greater of:

(i) the earnings on the fund for the immediately preceding Bond Year; or

(ii) one-twelfth (1/12th) of the principal and interest payments on the Series 2006 Bonds for the immediately preceding Bond Year.

"**Bond Act**" means Article 13A of Chapter 16 of the Code of West Virginia of 1931, as amended.

"**Bond Counsel**" means the law firm or firms delivering its or their approving opinion or opinions with the respect to the issuance of the Series 2006 Bonds and the exclusion of interest on the Series 2006 Bonds from gross income for the purposes of federal income taxation.

"**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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"**Bond Yield**" means the yield of the Series 2006 Bonds, calculated in accordance with the provisions of Section 1.148-4 of the Regulations.

"**Code**" means the Internal Revenue Code of 1986, as amended, and all rulings and regulations promulgated thereunder.

"**Computation Date**" means each Installment Computation Date and the Final Computation Date.

"**Computation Date Credit**" means $1,000.00. Only one Computation Date Credit for each Computation Date is permitted for the Series 2006 Bonds.

"**Costs of Issuance**" means all costs incurred in connection with the issuance of the Series 2006 Bonds within the meaning of Section 147(g) of the Code. Examples of costs of issuance include (but are not limited to):

(a) underwriters' spread (whether realized directly or derived through purchase of the Series 2006 Bonds at a discount below the price at which a substantial number of Series 2006 Bonds are sold to the public);

(b) counsel fees (including Bond Counsel, Underwriters' Counsel, Issuer's Counsel, Insurance Company's Counsel, and any other specialized counsel fees incurred in connection with the issuance of the Series 2006 Bonds);

(c) financial advisor fees incurred in connection with the issuance of the Series 2006 Bonds;

(d) trustee fees and registrar fees;

(e) paying agent, disbursement agent, and certifying and authenticating agent fees related to issuance of the Series 2006 Bonds;

(f) accountant fees related to issuance of the Series 2006 Bonds;

(g) printing costs (for the Series 2006 Bonds and of preliminary and final offering materials); and

(h) costs incurred in connection with any required public approval process (e.g., publication costs for public notices generally and costs of the public hearing or voter referendum).

"**Date of Issue**" means November 15, 2006.

"**Discharged**" means, with respect to any Bond, the date on which all amounts due with respect to such Bond are actually and unconditionally due if cash is available at the place of payment and no interest accrues with respect to the Bond after such date.

"**Fair Market Value**" of an Investment means as follows:

(a) In General. Except as specifically otherwise provided below, the Fair Market Value of an Investment is the price at which a willing buyer would purchase the Investment from a willing seller in a bona fide arm's length transaction. The Fair Market Value of an Investment that is purchased directly from the United States Treasury is its purchase price.

(b) Safe Harbor for Establishing Fair Market Value for Guaranteed Investment Contracts and Investments Purchased for a Yield Restricted Defeasance Escrow. The purchase price of a guaranteed investment contract is treated as its Fair Market Value on the purchase date if -

(i) The institution makes a bona fide solicitation for a specified guaranteed investment contract and reserves at least three (3) bona fide bonds from providers that have no material financial interest in the issue (e.g. as underwriters or brokers);

(ii) The institution purchases the highest yielding guaranteed investment contract for which a qualifying bid is made (determined net of broker's fees);

(iii) The yield on the guaranteed investment contract (determined net of broker's fees) is not less than the yield then available from the provider on reasonably comparable guaranteed investment contracts, if any, offered to persons from a source of funds other than gross proceeds of tax exempt bonds;

(iv) The determination of the terms of the guaranteed investment contract takes into account as a significant factor the Issuer's reasonably expected draw down schedule for the amounts to be invested, exclusive of amounts deposited in debt service funds and reasonably required reserve or replacement funds;

(v) The terms of the guaranteed investment contract, including collateral security requirements, are reasonable; and

(vi) The obligor on the governmental investment contract certifies the administrative costs that it is paying (or expects to pay) to third parties in connection with the guaranteed investment contract.

(c) Safe Harbor for Establishing Fair Market Value for Certificates of Deposit. The Fair Market Value of a certificate of deposit is its purchase price if it has a fixed rate of interest, a fixed payment schedule, and a substantial penalty for early withdrawal and the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States; and (ii) the highest yield that is published or posted by the provider to be currently available on reasonably comparable certificates of deposit offered to the public.

"**Final Computation Date**" means the date on which the last Bond is Discharged.

"**Future Value**" means the amount determined by using the following formula:

$$FV = PV(1+i)^n$$

where:

FV = The future value of the nonpurpose receipt or payment at the end of the interval. Each interval ends on the last day of a compounding interval. The compounding interval is the same compounding interval used in computing the Bond Yield.

PV = The future value of the nonpurpose receipt or payment at the beginning of the interval, or the amount thereof if the computation is for the first interval. The first interval begins on the date the nonpurpose receipt or payment is actually or constructively received or paid (or otherwise is taken into account). The amount of every nonpurpose receipt and payment with respect to an issue that is taken into account at the beginning of the first interval may be rounded to the nearest whole dollar. The preceding sentence shall not apply to receipts and payments with respect to investments in a restricted escrow within the meaning of Section 1.148-8(g) of the Regulations.

i = The Bond Yield during the interval (expressed as a decimal) divided by the number of compounding intervals in a year.

^{n} = A fraction, the numerator of which is the length of the interval and the denominator of which is the length of a whole compounding interval.

"**Gross Proceeds**" means Proceeds and Replacement Proceeds of the Series 2006 Bonds within the meaning of the Regulations.

"**Installment Computation Date**" means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

"**Investment**" means any security, obligation, annuity contract, or investment type property as defined in section 148(b) of the Code.

"**Investment Proceeds**" means any amounts actually or constructively received from investing Proceeds of an issue of bonds.

"**IRS**" means the Internal Revenue Service.

"**Issue Price**" means $3,178,834.18 being the initial offering price to the public at which price a substantial amount of the Series 2006 Bonds is sold, and includes accrued interest on the Series 2006 Bonds. For this purpose, ten percent (10%) is a substantial amount, and the term "the public" does not include bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers. The Issue Price generally is the first price at which the Series 2006 Bonds are sold to the public, and the issue price will not change if part of the issue is subsequently sold at a different price. The Issue Price of bonds that are not substantially identical is determined separately. The Issue Price

of a bond issue for which a bona fide public offering is made is determined as of the sale date based on reasonable expectations regarding the initial public offering price. The Issue Price of the Series 2006 Bonds may not exceed their fair market value as of the sale date.

"**Net Sale Proceeds**" means Sale Proceeds less the amount of those Sale Proceeds invested in a reasonably required reserve or replacement fund under section 148(d) of the Code and as part of a minor portion under section 148(e) of the Code.

"**Nonpurpose Investment**" means any Investment that is not acquired to carry out the governmental purpose of an issue.

"**Payment**" means a payment as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a payment as defined in section 1.148-5(b) of the Regulations for purposes of computing the Yield on an Investment.

"**Present Value**" means the amount determined by using the following formula:

$$PV = \frac{FV}{(1+i)^n}$$

where i equals the discount rate divided by the number of compounding intervals in a year and n equals the sum of (i) the number of whole compounding intervals for the period ending on the date as of which the Future Value is determined and (ii) a fraction the numerator of which is the length of any short compounding interval during such period and the denominator of which is the length of a whole compounding interval.

"**Present Value of an Investment**" shall mean the value of an investment computed under the economic accrual method; using the same compounding interval and financial conventions used to compute the yield on the Series 2006 Bonds. On any valuation date, the Present Value of an Investment is equal to the Present Value of all unconditionally payable receipts to be received from the payments to be paid for the investment after that date, using the Yield on the Investment as the discount rate.

"**Proceeds**" means any Sale Proceeds, Investment Proceeds, and Transferred Proceeds of an issue of bonds. Proceeds do not include amounts that are actually or constructively received that with respect to an Investment that is acquired for the governmental purpose of an issue that are properly allocable to the immaterially higher yield under section 1.148-2(d) of the Regulations or section 143(g) of the Code or to qualified administrative cost recoverable under section 1.148-5(e).

"**Rebate Amount**" means, in respect of the Series 2006 Bonds, the amount determined pursuant to the Code and Regulations in accordance with section E(1) hereof. Generally, under the Regulations, the rebate amount, as of any date, equals the excess of the Future Value of all Receipts with respect to Nonpurpose Investments allocated to the Gross Proceeds of the Series 2006 Bonds over the Future Value of all the Payments with respect to such Nonpurpose Investments computed in accordance with the Regulations.

"**Rebate Analyst**" means the entity or person chosen by the Issuer in accordance with Section E(3) hereof to determine the Rebate Amounts.

"**Rebate Payment Date**" means the date following a Computation Date on which the Rebate Amount is mailed or otherwise filed with the IRS. The Rebate Payment Date cannot be a date which is more than 60 days after a Computation Date.

"**Receipt**" means a receipt as defined in section 1.148-3(d) of the Regulations for purposes of computing the Rebate Amount, and a receipt as defined in section 1.148-5(b) of the Regulations for purposes of computing Yield on an Investment.

"**Regulation**" or "**Regulations**" means the temporary, proposed or final Income Tax Regulations promulgated by the Department of the Treasury that are applicable to the Series 2006 Bonds.

"**Replacement Proceeds**" means amounts that are treated as replacement proceeds of an issue of bonds under section 1.148-1(c) of the Regulations. Generally, amounts are Replacement Proceeds of an issue if the amounts have a sufficiently direct nexus to the governmental purpose of the issue to conclude that the amounts would have been used for that governmental purpose if the proceeds of the issue were not used or to be used for that governmental purpose. Replacement Proceeds include, but are not limited to, sinking funds or pledged funds to the extent that those funds are held by or derived from a substantial beneficiary of the issue (which, for this purpose includes the issuer and any related party to the issuer).

"**Sale Proceeds**" means amounts actually or constructively received from the sale of an issue of bonds (including amounts used to pay underwriter's discount and compensation and accrued interest other than pre-issuance accrued interest). Sale Proceeds also include, but are not limited to, amounts derived from the sale of a right that is associated with a Bond and that is described in Section 1.148-4(b)(4) of the Regulations.

"**Tax-Exempt Bond**" means any tax-exempt bond within the meaning of section 103 of the Code and section 1.150-1 of the Regulations that is not investment property within the meaning of section 148(b)(3) of the Code.

"**Transferred Proceeds**" means Proceeds of a prior issue of bonds that have ceased to be allocated to that prior issue and are treated as Proceeds of a refunding issue under section 1.148-9 of the Regulations.

"**Transferred Proceeds of the Bonds**" means amounts that have ceased to be allocated to Prior Bonds and are treated as Transferred Proceeds of the Series 2006 Bonds.

"**Underwriter**" means Crews & Associates, Inc., Charleston, West Virginia.

"**Universal Cap**" means the maximum value of Nonpurpose Investments which may be allocated to the Series 2006 Bonds under section 1.148-6 of the Regulations and is determined by reference to the Value of all outstanding Series 2006 Bonds of the issue. For purposes of this determination Nonpurpose Investments include cash, Tax-Exempt Bonds (i.e., any tax-exempt bond that is not investment property under section 148(b)(3) of the Code), qualified mortgage loans, and qualified student loans.

"**Valuation Date**" means the date on which the value of the Universal Cap and the Nonpurpose Investments allocable to the Series 2006 Bonds thereunder must be determined under section 1.148-6 of the Regulations. In general, beginning with the first Bond Year beginning after second year anniversary of the Issue Date, the first day of each

Bond Year constitutes a Valuation Date. In addition, the Regulations provide with respect to a refunded issue (e.g., the Prior Bonds) and a refunding issue (i.e., the Series 2006 Bonds) each date on which proceeds of the refunded issue would become transferred proceeds of the refunding issue, e.g., each date on which principal of the refunded issue is paid with proceeds of the refunding bonds, constitutes a Valuation Date.

"**Value of a Bond**" means the value of a bond determined under section 1.148-4(e) of the Regulations. Under those Regulations, value generally means:

> (a) In the case of a plain par bond (within the meaning of section 1.148-1(b) of the Regulations), its outstanding stated principal amount, plus accrued unpaid interest or in the case of a plain par bond actually redeemed, or that is treated as redeemed, its stated redemption price on the redemption date plus accrued unpaid interest; and
>
> (b) In the case of a bond other than a plain par bond, the value on a date of such a bond is generally its Present Value on that date, using the yield on the issue of which the bonds are a part as the discount factor. In determining the Present Value of a variable rate bond, the initial interest rate on the bond established by the index or other rate setting mechanism is used to determine the interest payments on that bond.

"**Value of an Investment**" means the value of an investment determined under section 1.148-5(d) of the Regulations. Under those Regulations, value as of any date generally means, for any fixed rate investment (within the meaning of section 1.148-1(b) of the Regulations) or Yield Restricted Investment, Present Value on that date, and for any plain par investment (within the meaning of section 1.148-1(b) of the Regulations), the outstanding stated principal amount, plus accrued unpaid interest, as of that date.

"**Yield**" or "**yield**" means the yield computed under section 1.148-4 of the Regulations for the Series 2006 Bonds, and the yield computed under Section 1.148-5 of the Regulations for an Investment.

"**Yield Restricted Investments**" means any Investments which either (1) bear a yield that is no greater than the Bond Yield, or (2) are investments in one or more Tax-Exempt Bonds.

B. GENERAL

1. This certificate is being executed and delivered pursuant to Section 148 of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the "Code"). I am an officer of the Issuer charged with the responsibility of issuing the Series 2006 Bonds. I am familiar with the facts, circumstances, and estimates herein certified and am duly authorized to execute and deliver this certificate on behalf of the Issuer.

2. This certificate may be relied upon as the certificate of the Issuer.

3. The Issuer has not been notified by the Internal Revenue Service of any listing or proposed listing of it as an issuer the certification of which may not be relied upon by holders of their respective obligations or that there is any disqualification thereof by the

Internal Revenue Service because a certification made by it contains a material misrepresentation.

4. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on November 15, 2006, the date on which the Series 2006 Bonds are to be physically delivered in exchange for the issue price thereof, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

5. The Issuer has covenanted in the Resolution that (i) it shall not take, or permit or suffer to be taken, any action with respect to the gross or other proceeds of the Series 2006 Bonds which would cause the Series 2006 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 Bonds) so that the interest on the Series 2006 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

6. A. The Series 2006 Bonds were sold on October 24, 2006, to the Underwriter for a purchase price of $3,115,134.18 (representing par value less an Underwriter's discount of $63,700 and a net original issue discount of $11,197.65, plus interest accrued of $5,031.83 on the Series 2006 Bonds from November 1, 2006 to November 15, 2006).

7. The Series 2006 Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of providing monies, together with the monies transferred from the Series 1996 Bonds Sinking Fund, necessary (i) to currently refund the Series 1996 Bonds on December 1, 2006; (ii) to fund a debt service reserve account for the Series 2006 Bonds, and (iii) to pay costs of issuance of the Series 2006 Bonds and related costs.

C. DEFEASANCE

1. The face amount of the Series 2006 Bonds is $3,185,000. The sources and uses of proceeds of the Series 2006 Bonds and the monies transferred from the Series 1996 Bonds Sinking Fund and Series 1996 Bonds Reserve Account, in connection with the refunding of the Series 1996 Bonds is as follows:

SOURCES:

Par Amount	$3,185,000.00
Plus: Accrued Interest (November 1 to November 15, 2006)	5,031.83
Less: Original Issue Discount	(11,197.65)
Series 1996 Bonds Sinking Fund	246,961.15
Series 1996 Bonds Reserve Account	372,380.97
Total	$ 3,798,176.35

USES:

Deposit to Series 1996 Sinking Fund	$3,345,488.96
Deposit to Series 2006 Reserve Account	330,550.00
Deposit to Series 2006 Sinking Fund	5,031.83
Underwriter's Discount	63,700.00
Costs of Issuance	53,405.51
Total	$ 3,798,176.35

3. The Underwriter has stated, in its certificate, a copy of which is attached as EXHIBIT A - UNDERWRITER'S CERTIFICATE hereto (the "Underwriter's Certificate") that the Series 2006 Bonds have been reoffered, and a substantial amount thereof sold, to purchasers other than bond houses, brokers or other intermediaries, at the initial offering prices not greater than the respective prices shown on the cover page of the Official Statement for the Series 2006 Bonds, including interest accrued on the Series 2006 Bonds from November 1, 2006. The yield on the Series 2006 Bonds, as so computed, has been determined to be 4.1622394%, based on a "purchase price" equal to the Issue Price for the Series 2006 Bonds (including accrued interest thereon).

4. The Issuer has entered into a Prepayment Agreement (the "Prepayment Agreement"), dated November 15, 2006, with The Bank of New York (successor to One Valley Bank, National Association, corporate trust services) (the "Bank"), the Paying Agent for the Series 1996 Bonds and the West Virginia Municipal Bond Commission (the "Commission"), the agent for the Series 1996 Bonds holding the accounts created by the Series 1996 Resolution. Provision will be made for the payment of the Series 1996 Bonds by wiring to the Commission $2,726,146.84 on November 15, 2006. This deposit, along with the existing balance of $246,961.15 in the Series 1996 Bonds Sinking Fund and $372,380.97 in the Series 1996 Bonds Reserve Fund held by the Commission (for a total of $3,345,488.96) will be sufficient to pay the Redemption Price of the Series 1996 Bonds on the Redemption Date.

5. The Commission, on November 17, 2006, will wire the $3,347,488.96 to the Bank to be held in the Escrow Account established by the Bank and the Bank shall apply the moneys to the payment in full on December 1, 2006, of the Redemption Price of the Series 1996 Bonds.

D. THE SERIES 2006 BONDS

I. The principal amounts, interest rates, interest and principal payment dates, and debt service with respect to the Series 2006 Bonds are detailed in the Series 2006 Bonds.

II. Using the initial offering price of the Series 2006 Bonds as the "purchase price" and taking into account accrued interest the yield on the Series 2006 Bonds is computed by the Underwriter to be 4.1622394% (the "Bond Yield").

III. A Sinking Fund for Series 2006 Bonds is created under the Resolution. Monies deposited in the Sinking Fund, including subsequent deposits thereto, will be spent within a 13-month period beginning on the date of deposit and will be depleted at least once a year, except for a reasonable carryover amount not in excess of 1/12 of the annual debt

service with respect to each series of the Series 2006 Bonds. The Series 2006 Bonds all bear interest at a fixed interest rate and the average maturity of the Series 2006 Bonds is in excess of 5 years. The Sinking Fund is designed to achieve a proper matching of the Issuer's revenues and debt service on the Series 2006 Bonds within each Bond Year. All monies held in the Sinking Fund will be used to pay debt service on the Series 2006 Bonds. All Sale Proceeds of the Series 2006 Bonds deposited in the Sinking Fund will constitute accrued interest on the Series 2006 Bonds and will be applied to pay interest on the Series 2006 Bonds on the first interest payment date, being April 1, 2007. The Sinking Fund qualifies as a Bona Fide Debt Service Fund and all monies in the Sinking Fund will be invested without restriction as to yield and is not subject to rebate.

IV. A Reserve Account is created under the Resolution for the Series 2006 Bonds in an aggregate amount equal to the Maximum Annual Debt Service on the Series 2006 Bonds (the "Reserve Account Requirement"). The Reserve Account is being funded by proceeds of the Series 2006 Bonds in the amount of $330,550. The Reserve Account Requirement is equal to Maximum Annual Debt Service of the Series 2006 Bonds, is not in excess of 10% of the stated principal amount of the Series 2006 Bonds and is not in excess of the maximum annual principal and interest requirements of the Series 2006 Bonds. The monies in the Reserve Account will be invested without restriction as to yield. All earnings on amounts deposited in the Reserve Account will, to the extent the yield thereon exceeds the yield on the Series 2006 Bonds, be subject to rebate.

V. [RESERVED]

VI. [RESERVED]

VII. A Costs of Issuance Fund is created under the Resolution to be funded from proceeds of the Series 2006 Bonds in the amount of $53,405.51 to pay costs of issuance of the Series 2006 Bonds. All such amounts shall be fully expended within 6 months from the date hereof. Pending such disbursement, such monies will be invested without restriction as to yield and are not subject to rebate.

VIII. [RESERVED]

IX. Other than the funds and accounts described above, there are no other funds or accounts of the Issuer which (i) are reasonably expected to be used to pay Debt Service on the Series 2006 Bonds or which are pledged as collateral to secure repayment of Debt Service on the Series 2006 Bonds and (ii) for which there is a reasonable assurance that amounts therein will be available to pay Debt Service on the Series 2006 Bonds.

X. Accrued interest with respect to the Series 2006 Bonds in an amount less than 6 month's interest on the Series 2006 Bonds may be applied within one year from the date hereof toward the payment of interest first due on the Series 2006 Bonds, as detailed in the Schedules. Pending such disbursement, such monies, if any, will be invested without restriction as to yield.

E. <u>REBATE OF EXCESS ARBITRAGE</u>

1. Rebate Fund; Calculation of Rebate Amount.

(a) Section 148(f) of the Code requires the payment to the United States of the excess of the amount earned on the investment of Gross Proceeds in Nonpurpose

Investments over the amount that would have been earned on such investments had the amount so invested been invested at a rate equal to the Bond Yield, together with any income attributable to such excess. Except as provided below, and as previously set forth as excepted in Section D hereof, the Sinking Funds, the Reserve Account, the Costs of Issuance Fund and all other funds or accounts treated as containing Gross Proceeds are subject to this requirement.

(b) Pursuant to the Resolution, the Issuer has created the Rebate Fund to be held by the Depository Bank. On or before 45 days following each Computation Date, an amount shall be deposited into the Rebate Fund by the Issuer so that the balance held in the Rebate Fund shall equal the aggregate Rebate Amount due as of the Rebate Payment Date following such Computation Date. Monies so deposited shall be derived from the Issuer's own funds.

(c) To meet the rebate requirements of Section 148(f) of the Code, the Issuer (or the Rebate Analyst described in Section E(3) hereof) agrees and covenants to take the following actions:

(i) For each investment of (i) amounts held in the Reserve Account, (ii) Transferred Proceeds of the Series 2006 Bonds, and (iii) any other monies held by the Issuer which constitute Gross Proceeds, the Issuer shall record the purchase date of such investment, its purchase price, accrued interest due on its purchase date, its face amount, its coupon rate, the frequency of its interest payment, its disposition price, accrued interest due on its disposition date and its disposition date.

(ii) For each Installment Computation Date with respect to Rebate Amounts specified in paragraph (iii) below, the Issuer shall compute the Yield on the Series 2006 Bonds as required by the Code and Regulations. If the Series 2006 Bonds are redeemed prior to their scheduled maturity, the Issuer agrees to seek the advice of Bond Counsel or other rebate expert to recompute the Yield on the Series 2006 Bonds as required by the Regulations.

(iii) For each Computation Date, the Issuer shall determine the amount of earnings received on all Nonpurpose Investments described in paragraph (i) above this section E(1)(c) that are allocable to Gross Proceeds of the Series 2006 Bonds. In addition, where Nonpurpose Investments are retained by the Bond Commission after retirement of the Series 2006 Bonds, any unrealized gains or losses as of the date of retirement of the Series 2006 Bonds must be taken into account in calculating the earnings on such Nonpurpose Investments to the extent required by the Regulations.

(iv) In determining the Nonpurpose Investments that are allocable to Gross Proceeds of the Series 2006 Bonds, the Issuer shall consider the allocation rules set forth in the Regulations, including the rules relating to the Universal Cap. In general, the Universal Cap represents the maximum value of Nonpurpose

Investments that may be allocated to an issue of bonds and is determined by reference to the Value of all the outstanding bonds of the issue.

(v) For each Computation Date, the Issuer shall calculate for each Nonpurpose Investment described in paragraph (iii) above, an amount equal to the earnings which would have been received on such Nonpurpose Investment at an interest rate equal to the Yield on the Series 2006 Bonds as described in paragraph (ii) above. The method of calculation shall follow that set forth in the Regulations.

(vi) In determining the amount of any rebate computed pursuant to this section, all earnings on any Bona Fide Debt Service Fund to the extent such earnings do not exceed $100,000 in any Bond year shall not be taken into account.

(vii) For each Computation Date, the Issuer shall calculate the Rebate Amount (computed from the Issue Date of the Series 2006 Bonds to each such Computation Date) by any appropriate method provided in the Code and Regulations that is applicable to the Series 2006 Bonds, taking into account any computation credit allowed thereunder. In determining the Rebate Amount, the Issuer shall account for the amounts determined under paragraphs (iii), (iv), and (v) above.

(viii) If the Rebate Amount exceeds the amount on deposit in the Rebate Account, the Issuer shall immediately pay that amount, or cause that amount to be paid, into the Rebate Account.

2. Payment to United States. (a) Installment Computation Dates. Unless the Series 2006 Bonds are redeemed prior to such time, the Issuer shall pay to the United States, not later than sixty (60) days after each Installment Computation Date, an amount which, when added to all previous rebate payments made with respect to the Series 2006 Bonds, is equal to not less than ninety percent (90%) of the Rebate Amount (computed from the date of issuance of the Series 2006 Bonds to each such Installment Computation Date).

(b) Final Computation Date. The Issuer shall pay to the United States, not later than sixty (60) days after the last outstanding Series 2006 Bonds are paid or redeemed, one hundred percent (100%) of the Rebate Amount for the Final Computation Date (computed from the date of issuance of the Series 2006 Bonds to the Final Computation Date).

(c) Mailing of Rebate Payment. Each Payment of an installment shall be mailed to the Internal Revenue Service Center, Philadelphia, Pennsylvania 19255. Each payment shall be accompanied by (i) a copy of IRS Form 8038-T, and (ii) the CUSIP number for the Series 2006 Bond with the latest maturity.

(d) Excess Balance in Rebate Fund; Excess Rebate Payments. If on the Rebate Payment Date the balance on deposit in the Rebate Fund is in excess of the Rebate

Amount attributable to the Series 2006 Bonds, such excess may be withdrawn by the Issuer from the Rebate Fund. The Issuer may direct that any overpayment of rebate may be recovered from any rebate payment previously made to the United States under any procedure that may be permitted by the Code or the Regulations.

(e) Recordkeeping. In connection with the rebate requirement, the Issuer shall maintain (or cause to be maintained) the following records:

(i) The Issuer shall record all amounts paid to the United States pursuant to Section E(2) hereof.

(ii) The Issuer shall retain records of the rebate calculations until six years after the Final Computation Date.

(iii) The Issuer shall keep and record the data described in Section E(1)(c) hereof pertaining to the investment of the proceeds of the Series 2006 Bonds until six years after the Final Computation Date.

3. Rebate Analyst. (a) A Rebate Analyst shall be appointed to perform the rebate calculations, as required herein.

(b) The Issuer may rely conclusively upon the opinions, calculations, determinations, directions and advice of the Rebate Analyst. The charges and fees for such Rebate Analyst shall be paid by the Issuer upon presentation of an invoice for services rendered in connection therewith.

4. Failure to Pay Rebate Amounts. In the event the Issuer fails to pay at the proper time and in the proper amounts, any Rebate Amount, it will pay the rebate amount plus interest within 180 days after discovery of such failure as set forth in Section 1.148-3(h)(3) of the Regulations. Notwithstanding the foregoing, in the event the Issuer fails to pay at the proper time and in the proper amount any Rebate Payment or correction amount, it hereby covenants and agrees to pay any penalty required by Internal Revenue Service in lieu of a declaration of taxability on the Series 2006 Bonds.

F. MISCELLANEOUS

1. The amount designated as "Cost of Issuance" of the Series 2006 Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2006 Bonds and refunding of the Series 1996 D Bonds.

2. The Issuer shall file Form 8038-G in a timely fashion with the Internal Revenue Service Center, Ogden, Utah. The Form 8038-G attached hereto as EXHIBIT B - FORM 8038-G is, to the best of my knowledge, true and correct, and may be relied upon by Bond Counsel.

3. None of the proceeds of the Series 2006 Bonds will be used (directly or indirectly) in any trade or business carried on by, or will be used to make or finance loans to, any person who is not a governmental unit.

4. The original proceeds of the Series 2006 Bonds will not exceed the amount necessary for the purpose of the issue, except to the extent any such proceeds are required for rebate to the United States.

5. The Issuer shall use the proceeds of the Series 2006 Bonds solely to currently refund the Series 1996 Bonds; to fund Reserve Account for the Series 2006 Bonds; and to pay costs of issuance thereof.

6. The Issuer shall not permit at any time or times any of the proceeds of the Series 2006 Bonds or any other funds of the Issuer to be used directly or indirectly in a manner which would result in the exclusion of the Series 2006 Bonds from treatment afforded by Section 103(a) of the Code by reason of classification of the Series 2006 Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and the Treasury Regulations promulgated or to be promulgated thereunder.

7. The Series 2006 Bonds are not, and will not be, in whole or part, directly or indirectly, federally guaranteed within the meaning of Section 149(b) of the Code.

8. The Issuer has not entered and will not enter into any transaction to reduce the Yield on an investment of the Gross Proceeds of the Series 2006 Bonds so as to cause the amount to be rebated to the United States Treasury to be less than it would have been had the transaction been at arm's length and the Yield on the Series 2006 Bonds not been relevant to either party to the transaction, and that all investments of Gross Proceeds will be made on an arm's length, Fair Market Value basis.

9. On each Valuation Date, the Issuer agrees to value the Universal Cap and the Nonpurpose Investments allocable to the Series 2006 Bonds thereunder in accordance with the Regulations. Notwithstanding anything herein to the contrary, the failure to perform the determination of Nonpurpose Investments allocable to the Series 2006 Bonds as of a Valuation Date shall not be considered a violation of this provision if the application of the Universal Cap would not result in a reduction or reallocation of Gross Proceeds of an issue.

10. [RESERVED]

11. No portion of the proceeds of the Series 2006 Bonds will be used directly or indirectly to replace funds of the Issuer or other related governmental agency that have been used directly or indirectly to acquire securities or obligations which may reasonably be expected, on the date hereof, to produce a yield materially higher than the Yield on the Series 2006 Bonds.

12. In connection with the Series 2006 Bonds, there has not been created or established, and the Issuer does not expect that there will be created or established, any sinking fund, pledged fund or similar fund (other than as specifically identified in this Tax and Arbitrage Certificate), including without limitation any arrangement under which money, securities, or obligations are pledged directly or indirectly to secure the Series 2006 Bonds or any contract securing the Series 2006 Bonds or any arrangement providing for compensating or minimum balances to be maintained by the Issuer or related governmental agencies with any registered owner of the Series 2006 Bonds.

13. The Series 2006 Bonds are not and will not be part of a transaction or series of transactions that (i) attempt to circumvent the provisions of Section 148 of the Code,

or any successor thereto, and the Regulations promulgated thereunder which enable the Issuer to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage or (ii) increase the burden on the market for tax-exempt obligations in any manner, including, without limitation, by selling obligations that would not otherwise be sold or selling a larger amount of obligations, or issuing them sooner, or allowing them to remain outstanding longer, than would otherwise be necessary.

14. No other obligations are being issued by the Issuer or any related entity at substantially the same time and sold pursuant to a common plan of financing and which will be paid out of substantially the same source of funds (or which will have substantially the same claim to be paid out of substantially the same source of funds) as the Series 2006 Bonds or which will be paid directly or indirectly from proceeds of the sale of the Series 2006 Bonds.

15. Gross Proceeds of the Series 2006 Bonds, other than gross proceeds that are allocable to:

(a) the payment of principal of, interest on, and redemption premium for the Series 1996 Bonds;

(b) the payment of pre-issuance accrued interest on the Series 2006 Bonds from November 1, 2006 to November 15, 2006;

(c) the payment of the Costs of Issuance of the Series 2006 Bonds;

(d) the payment of administrative costs allocable to repaying the Series 1996 Bonds, or carrying and repaying the Series 2006 Bonds, or the reasonable investments of Proceeds of the Series 2006 Bonds;

(e) Transferred Proceeds allocable to expenditures for governmental purpose of the Series 1996 Bonds;

(f) amounts deposited in the Sinking Funds (including investment earnings thereon) to pay debt service on the Series 2006 Bonds; and

(g) qualified guarantee fees (within the meaning of the Regulations) for the Series 2006 Bonds;

will not exceed 1% of the Sale Proceeds from the Series 2006 Bonds.

16. The issuance of the Series 2006 Bonds will not involve the use of a "device" or an "abusive transaction" within the meaning of Section 149(d)(4) of the Code and the Regulations thereunder.

17. The Issuer covenants to comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2006 Bonds in order that the interest thereon be and continue to be excludable from gross income for federal income tax purposes.

18. The Issuer will rebate to the United States the amount, if any, required by the Code and to take all steps necessary to make such rebates. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and other amounts from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, and take all other actions required of it in order to maintain the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

19. The Issuer has retained the right to amend the Resolution authorizing the issuance of the Series 2006 Bonds if such amendment is necessary to assure compliance with Section 148(f) of the Code or as may otherwise be necessary to assure the exclusion of interest on the Series 2006 Bonds from the gross income of the holders thereof.

20. The Issuer shall comply with all yield restrictions on Series 2006 Bond proceeds as set forth in the Code.

21. The Issuer covenants and agrees to comply with the rebate requirements of the Code if not exempted therefrom, and with all other requirements of the Code necessary, proper or desirable to maintain the tax-exempt status of the Series 2006 Bonds and the interest thereon. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 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 the Resolution.

22. The Series 2006 Bonds are a fixed yield issue. No interest or other amount payable on any of the Series 2006 Bonds (other than in the event of an unanticipated contingency) is determined by reference to (or by reference to an index that reflects) market interest rates or stock or commodity prices after the date of issue.

23. Under section 1.148-2(b) of the Regulations, an officer of the Issuer must certify the issuer's expectations as of the issue date. In accordance therewith, the undersigned Chairman of the Issuer hereby in good faith certifies that the representations and covenants set forth in this Certificate constitute the reasonable expectations of the Issuer as of the Issue Date. Accordingly, the representations and covenants set forth herein are intended and may be relied upon as the certification described in section 1.148-2(b) of the Regulations and are being delivered as part of the record of proceedings in connection with the issuance of the Series 2006 Bonds.

24. Pursuant to Section 265(b)(3)(D)(ii) of the Code, the Series 2006 A Bonds shall be treated as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3) of the Code and shall be deemed so designated as the Series 2006 A Bonds and the issue of which they are a part satisfy the requirements set forth in Section 265(b)(3)(D)(ii) of the Code.

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. Steptoe & Johnson PLLC is entitled to rely upon the representations, expectations, covenants, certifications and statements contained herein in rendering its opinions regarding the tax-exempt status of interest on the Series 2006 Bonds.

27. Notwithstanding any other provision hereof, any provision of this Tax and Arbitrage Certificate shall be amended at any time and such amendment shall be complied with, upon receipt by the Issuer of an opinion of Bond Counsel that such amendment is necessary or permissible under the then current Code and Regulations and is either necessary to or will not adversely affect the excludability of interest on the Series 2006 Bonds from gross income of the recipients thereof for federal income tax purposes.

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

WITNESS my signature this 15th day of November, 2006.

GREENBRIER PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

11/01/06
352810.00001

CH835228.1

EXHIBIT A

UNDERWRITER'S CERTIFICATE

[Included in Transcript as Document No. 21]

EXHIBIT B

IRS FORM 8038-G

[Included in Transcript as Document No. 41]

$3,185,000

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2006

REGISTRAR CERTIFICATE

United Bank, Inc., Charleston, West Virginia (the "Bank"), as Registrar for the above-captioned Bonds (the "Bonds"), hereby certifies as follows, all capitalized terms used herein to have the same meanings set forth in the Resolution of Greenbrier Public Service District No. 1 (the "Issuer") adopted October 20, 2006, as supplemented (collectively the "Resolution"):

1. The Bank is a state banking corporation duly organized, validly existing, and in good standing under the laws of the United States of America, may lawfully conduct business in West Virginia, and is lawfully empowered, pursuant to such laws, to accept the duties and obligations contemplated and as provided under the Resolution and to serve in the capacities of Registrar under the Resolution.

2. The Bank has duly authorized, by all necessary action, the authentication of the Bonds and the execution and delivery of this Certificate and the acceptance of all duties of Registrar under the Resolution, and any and all other documents and agreements as may be required to be executed, delivered and received by the Bank in order to carry out, give effect to, and consummate the transactions contemplated thereby.

3. The person indicated in paragraph 4 below was at the time of the authentication of the Bonds, and is now, a duly elected, qualified and acting incumbent in his or her office; and, pursuant to authorization from the Board of Directors of the Bank attached hereto as Exhibit A, such person, in his or her official capacity, was and is authorized to authenticate the Bonds for and on behalf of the Bank.

4. Appearing opposite the name and title of the person indicated below is a true and correct specimen of his or her signature.

Name	Title	Signature
Kathy Smith	Vice President	

5. There have been filed with the Bank all of the documents listed in Section 3.12 of the Resolution; the Bonds have been duly authenticated and delivered to the Original Purchaser, and proceeds of the Bonds have been deposited as required by the Resolution.

6. Attached hereto as EXHIBIT B is a correct listing of the Bond numbers, CUSIP numbers, maturity dates, principal amounts, interest rates and yields of the Bonds.

7. The Bank has duly authenticated the Bonds by manually executing on each of such Bonds, a certificate of authentication and registration in the form attached hereto as EXHIBIT C.

IN WITNESS WHEREOF, United Bank, Inc., has caused this Certificate to be executed by a duly authorized officer, this 15th day of November, 2006.

UNITED BANK, INC.

By: _____
Its: Authorized Officer

10.27.06
352810.00001

CH835231.1

EXHIBIT A

RESOLUTION OF BOARD OF DIRECTORS

RESOLUTION OF THE BOARD OF DIRECTORS
OF UNITED BANK, INC.

WHEREAS, the Directors of United Bank, Inc. (the "Bank") on May 23, 1989 authorized the Bank's undertaking certain corporate trust indentures, agreements and related documentation and actions and authorized certain officers to enter into and carry out the same on behalf of the Bank; and

WHEREAS, further formalization of the Board of Directors authorizations with respect to corporate trusts, through the adoption and ratification of the following resolutions, is in the best interests of the Bank;

NOW, THEREFORE, BE IT RESOLVED:

FIRST: That Richard M. Adams, Jr., Executive Vice President and Trust Counsel, John Neuner, III, Executive Vice President, Cindy McGhee, Senior Vice President, Kathy Smith, Vice President, Jane T. Sargent, Vice President, Kelli H. Davis, Vice President and I. William Snider, III, Vice President, ("Authorized Officers") be, and each of them are, hereby authorized and directed to accept, on behalf of the Bank, its appointment as trustee, paying agent or registrar, or any combination of such offices, under bond or note trust indentures and similar indentures and trust agreements, and to execute and deliver such indentures, agreements, documents and writings ("Corporate Trust Documents") establishing the Bank's duties and evidencing the Bank's acceptance actions in connection with establishing and accepting such duties, as such Authorized Officer determines to be necessary or appropriate, such determination to be conclusively evidenced by such officer's execution and delivery thereof and the taking of such other actions; and

SECOND: That the Authorized Officers of the Bank be, and each of them are, hereby authorized to execute and deliver on behalf of the Bank, as trustee, any such further agreements, certificate and documents ("Related Documents") and to take such further action necessary or incidental to carrying out the Bank's duties under Corporate Trust Documents, whether as trustee, paying agent or registrar for notes, bonds or other obligations ("Bonds") that are the subject of the Corporate Trust Documents, or otherwise, including but not limited to any certificate of registration and authentication on any Bonds; and

THIRD: The Secretary or any Assistant Secretary be, and each of them is, hereby authorized to affix the seal of the Bank to any Corporate Trust Documents authorized by these resolutions and to attest the same; and

FOURTH: That, for the purpose of affixing the seal of the Bank and attesting thereto upon Corporate Trust Documents authorized by these resolutions, and for any and all matters and actions related thereto or the Bank's duties thereunder, Richard M. Adams, Jr., John Neuner, III, Cindy McGhee, Kathy Smith, Jane T. Sargent, Kelli H. Davis and I. William Snider, III, be, and each of them are, hereby appointed as an Assistant Secretary of the Bank; and

FIFTH: That any Authorized Officer of the Bank be, and each of them are, hereby authorized to sign as an "Authorized Officer" of the Bank, as trustee, and to take such other actions, as may be required or contemplated by the Corporate Trust Documents or as otherwise may be necessary or incidental to implementing the terms and provisions thereof or carrying out the Bank's duties as trustee, paying agent or registrar with respect thereto; and

SIXTH: That these resolutions be and each of them are, hereby deemed to be effective as of November 21, 2003.

I. Steven E. Wilson, Secretary of the Board of Directors, do certify that the above is a true copy of the Resolution adopted at a regular meeting of the Board of Directors of United Bank, Inc. (the "Board") held on November 21, 2003, and that said Resolution is in full force and effect.

United Bank, Inc.

Dated: November 21, 2003

By: Steven E. Wilson
Steven E. Wilson
Secretary of the Board of Directors

COPY

Bowles Rice McDavid Graff & Love PLLC

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Sandra M. Murphy
Telephone — (304) 347-1131
Facsimile — (304) 343-3058

E-mail Address:
smurphy@bowlesrice.com

January 25, 2002

Honorable Larry A. Stark
Commissioner
West Virginia Division of Banking
and Financial Institutions
1900 Kanawha Boulevard, East
Building #3, Room 311
Charleston, West Virginia 25305-0240

VIA HAND DELIVERY

Re: United National Bank, Inc. - Compliance with
Applicable State and Federal Laws and Notification of Conversion to OCC

Dear Commissioner Stark:

We have been retained as counsel for United National Bank, Inc. ("UNB") in connection with its proposed conversion from a national bank to a state chartered bank. The conversion will be accomplished by merging UNB with United Bank, Inc., an interim state-chartered bank, with United Bank, Inc. surviving the merger.

As a basis for the opinions expressed herein, we have examined and are familiar with all the applications related to UNB's conversion to a state-chartered bank which are required to be filed with the federal regulatory authorities, including, but not limited to the Interagency Bank Merger Application and Form FRY-3N - Notification to the Board of Governors of the Federal Reserve System. We have also reviewed the letter of intent from UNB addressed to the West Virginia Board of Banking and Financial Institutions to convert to a state bank and the Board's written instructions concerning the conversion. Further, we have reviewed such corporate documents and records of UNB which we deemed relevant to the conversion and this opinion. We have also relied on oral representations by state and federal regulators concerning the waiver of certain regulatory filing requirements as reflected in these filings.

It is our opinion that UNB's conversion from a national bank to a state-chartered bank is in compliance with federal and state law. In addition, UNB has taken the proper steps to notify the Office of the Comptroller of the Currency of its intent to convert to a state bank by mailing the enclosed notice on January 25, 2002.

This letter is submitted in connection with the application by UNB to convert from a national bank to a state-chartered bank and may not be used for any other purpose without our express permission.

Very truly yours,

Bowles Rice McDavid Graff & Love PLLC

Sandra M. Murphy

Sandra M. Murphy

SMM/aja
cc: Steven E. Wilson
Donald J. Landers

COPY

Bowles Rice McDavid Graff & Love PLLC

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Sandra M. Murphy
Telephone — (304) 347-1131
Facsimile — (304) 343-3058

E-mail Address:
smurphy@bowlesrice.com

January 25, 2002

Honorable Larry A. Stark
Commissioner
West Virginia Division of Banking
and Financial Institutions
1900 Kanawha Boulevard, East
Building #3, Room 311
Charleston, West Virginia 25305-0240

VIA HAND DELIVERY

Re: United National Bank, Inc. - Compliance with Applicable State Fiduciary Laws and Notification of Conversion to OCC

Dear Commissioner Stark:

We have been retained as counsel for United National Bank, Inc. ("UNB") in connection with its proposed conversion from a national bank to a state chartered bank. The conversion will be accomplished by merging UNB with United Bank, Inc., an interim state-chartered bank, with United Bank, Inc. surviving the merger.

We are aware that UNB has been granted and exercises fiduciary powers pursuant to 12 U.S.C. 92a and 12 C.F.R. § 9. Pursuant to this statutory and regulatory authority, UNB is authorized to operate in the same capacity as fiduciaries are permitted to operate in the states were UNB conducts its trust activities. UNB has been examined regularly by the Office of the Comptroller of the Currency, its primary regulator, and to our knowledge is in material compliance with state and federal law. Accordingly, to the best of our knowledge, we are of the opinion that UNB's current fiduciary activities are not in contravention of state law.

We offer no opinion concerning any laws relating to fraud or similar laws.

This letter is submitted in connection with the application by UNB to convert from a national bank to a state-chartered bank and may not be used for any other purpose without our express permission.

Very truly yours,

Bowles Rice McDavid Graff & Love PLLC

Sandra M. Murphy

Sandra M. Murphy

SMM/jam
cc: Steven E. Wilson
Donald J. Landers

765030.1

ARTICLES OF INCORPORATION

OF

UNITED BANK, INC.

THE UNDERSIGNED, acting as incorporators pursuant to Section 26, Article 1, Chapter 31 of the Code of West Virginia, hereby adopts the following articles of incorporation pursuant to Section 27, Article 1, Chapter 31 and Section 5, Article 4, Chapter 31A of the Code of West Virginia:

I. The name of the proposed banking institution shall be: United Bank, Inc.

II. The banking institution shall be located in Parkersburg, Wood County. The post office address and the place of business of the banking institution shall be:

United Bank, Inc. Post Office Box 1508 Parkersburg, West Virginia 26202-9975	United Bank, Inc. 514 Market Street Parkersburg, West Virginia 26101

III. The banking institution proposes to engage in the trust business

IV. The names, residences, and occupations of the incorporators and the amount of capital stock subscribed and paid for by each are:

Name	Address	Occupation	Capital Stock
1. Richard M. Adams	52 Meadowcrest Drive Parkersburg, WV 26104	CEO & Chairman of the Board - United	376,067
2. Steven E. Wilson	5301 2nd Avenue Vienna, WV 26105	EVP, Secretary, CFO & Treasurer - United	83,556
3. James B. Hayhurst, Jr.	29 Ashwood Place Vienna, WV 26105	EVP – United	14,354
4. Gary L. Turner	9 Heather Glen Vienna, WV 26105	EVP – United	8,312
5. Harold F. Manner	102 Beechwood Place Parkersburg, WV 26104	Controller – United	74

V. The names of the persons who are to serve as officers and directors of the banking institution and the official position proposed to be held by each are:

Executive Officers:

Richard M. Adams	CEO, Chairman of the Board and Director
Richard M. Adams, Jr.	Executive Vice President
Michael G. Comer	Executive Vice President
James B. Hayhurst, Jr.	Executive Vice President and President - Wood County Offices
K. Stephen Morris	Executive Vice President
John Neuner, III	Executive Vice President
Gary L. Turner	Executive Vice President
Joe L. Wilson	Executive Vice President and President - UNB - North Region
Steven E. Wilson	Executive Vice President, Chief Financial Officer, Treasurer and Secretary

Directors:

Richard M. Adams	Chairman of the Board
G. Thomas Battle	Director
R. Terry Butcher	Director
S. Austin Caperton, III	Director
Thomas J. Corder	Director
Daniel W. Ferguson	Director
James C. Hamer	Director
Alan L. Klein	Director
Robert P. McLean	Director
Robert W. Mendenhall	Director
J. Thomas Moore	Director
I. L. Morris	Director
Robert M. Nutting	Director
Leroy M. Rashid	Director

Rich Rodriguez	Director
Albert Schwabe II	Director
V. C. Smith II	Director
H. Talbott Tebay, DDS	Director
Michael Wehrle	Director
Daniel B. Wharton	Director
Harold L. Wilkes	Director

VI. The amount of the total authorized capital stock of the banking institution shall be Twelve Million Five Hundred Thousand Dollars ($12,500,000), which shall be divided into Five Million (5,000,000) shares of common stock of the par value of Two Dollars and Fifty Cents ($2.50) each.

VII. The period of duration of the banking institution shall be perpetual.

VIII. The purpose or purposes for which the banking institution is organized are to engage in all activities and to take all actions which are lawful for a banking institution organized under the laws of the State of West Virginia, whether expressly or impliedly permitted by statute otherwise.

IX. The address of the principal office shall be:

United Bank, Inc.
514 Market Street
Parkersburg, West Virginia 26101

X. The name and address of the person to whom notice shall be sent or upon whom process shall be served, or service of which is accepted by the Secretary of State, is:

Steven E. Wilson
United Bank, Inc.
514 Market Street
Parkersburg, West Virginia 26101

XI. The number of directors constituting the initial board of directors shall be Twenty-one (21) and their names and addresses are:

Richard M. Adams	52 Meadowcrest Drive Parkersburg, WV 26104

G. Thomas Battle	Spilman, Thomas & Battle P. O. Box 273 Charleston, WV 25321
R. Terry Butcher	Butcher & Butcher P. O. Box 100 Glenville, WV 26351
S. Austin Caperton, III	Caperton Energy P. O. Box 1947 Beckley, WV 25801
Thomas J. Corder	Camden Clark Hospital 800 Garfield Avenue Parkersburg, WV 26101
Daniel W. Ferguson	Dan Ferguson Music P. O. Box 667 Ceredo, WV 25507
James C. Hamer	Jim C. Hamer Co. P. O. Box 418 Kenova, WV 25530
Alan L. Klein	Mr Bee Potato Chip Co. P. O. Box 1645 Parkersburg, WV 26102
Robert P. McLean	P. O. Box 1517 Beckley, WV 25802
Robert W. Mendenhall	WV-OHIO Motor Sales P. O. Box 71 Wheeling, WV 26003
J. Thomas Moore	P. O. Box 182 Charleston, WV 25321
I. L. Morris	Waco Oil & Gas Co. P. O. Box 397 Glenville, WV 26351-1328
Robert M. Nutting	Ogden Newspapers, Inc. 1500 Main Street Wheeling, WV 26003
Leroy M. Rashid	Rashid Brothers Enterprises P. O. Box 8615 So. Charleston, WV 25303
Rich Rodriguez	West Virginia University P. O. Box 877 Morgantown, WV 26507
Albert Schwabe II	Schwabe May, Inc. 3004 Town Center Charleston, WV 25389
V. C. Smith II	Veleair C. Smith Management 1901 Kanawha Valley Building Charleston, WV 25301
H. Talbott Tebay, DDS	1301 Grand Central Avenue Vienna, WV 26105
Michael Wehrle	McJunkin Corporation P. O. Box 513 Charleston, WV 25322

Daniel B. Wharton	Wharton Cadillac-Olds Co. 18 Fairview Drive Parkersburg, WV 26101
Harold L. Wilkes	Little General Stores, Inc. 40 Chickadee Way Beckley, WV 25802

XII. The internal affairs of the banking institution shall be regulated in accordance with the bylaws of the banking institution.

THE UNDERSIGNED, for the purpose of forming a corporation under the laws of the State of West Virginia, do make and file these **ARTICLES OF INCORPORATION,** and do accordingly hereunto set their hands this 25th day of January, 2002.

Richard M. Adams, Incorporator

Steven E. Wilson, Incorporator

James B. Hayhurst, Jr., Incorporator

Gary L. Turner, Incorporator

Harold F. Manner, Incorporator

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

I, Jason Keith Blair, a Notary Public of said county, do certify that James B. Hayhurst, Jr., acting as incorporator, who signed the foregoing Articles of Incorporation for **United Bank, Inc.,** a corporation, bearing date the 25th day of January, 2002, has this day in my said county, acknowledged the same before me.

Give under my hand and seal this 25th day of January, 2002.

My Commission expires: February 21, 2006.

Jason Keith Blair
Notary Public

[S E A L]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JASON KEITH BLAIR
311 - 9th Street
Glen Dale, West Virginia 26038
My Commission Expires Feb. 21, 2006

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

I, Jason Keith Blair, a Notary Public of said county, do certify that Gary L. Turner, acting as incorporator, who signed the foregoing Articles of Incorporation for **United Bank, Inc.,** a corporation, bearing date the 25th day of January, 2002, has this day in my said county, acknowledged the same before me.

Give under my hand and seal this 25th day of January, 2002.

My Commission expires: February 21, 2006.

Jason Keith Blair
Notary Public

[S E A L]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JASON KEITH BLAIR
311 - 9th Street
Glen Dale, West Virginia 26038
My Commission Expires Feb. 21, 2006

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

I, Jason Keith Blair, a Notary Public of said county, do certify that Richard M. Adams, acting as incorporator, who signed the foregoing Articles of Incorporation for **United Bank, Inc.**, a corporation, bearing date the 25th day of January, 2002, has this day in my said county, acknowledged the same before me.

Give under my hand and seal this 25th day of January, 2002.

My Commission expires: February 21, 2006.

Jason Keith Blair
Notary Public

[S E A L]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JASON KEITH BLAIR
311 - 9th Street
Glen Dale, West Virginia 26038
My Commission Expires Feb. 21, 2006

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

I, Jason Keith Blair, a Notary Public of said county, do certify that Steven E. Wilson, acting as incorporator, who signed the foregoing Articles of Incorporation for **United Bank, Inc.**, a corporation, bearing date the 25th day of January, 2002, has this day in my said county, acknowledged the same before me.

Give under my hand and seal this 25th day of January, 2002.

My Commission expires: February 21, 2006.

Jason Keith Blair
Notary Public

[S E A L]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JASON KEITH BLAIR
311 - 9th Street
Glen Dale, West Virginia 26038
My Commission Expires Feb 21, 2006

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

I, Jason Keith Blair, a Notary Public of said county, do certify that Harold F. Manner, acting as incorporator, who signed the foregoing Articles of Incorporation for **United Bank, Inc.**, a corporation, bearing date the 25th day of January, 2002, has this day in my said county, acknowledged the same before me.

Give under my hand and seal this 25th day of January, 2002.

My Commission expires: February 21, 2006.

Jason Keith Blair
Notary Public

[S E A L]

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
JASON KEITH BLAIR
311 - 9th Street
Glen Dale, West Virginia 26038
My Commission Expires Feb 21, 2006

This instrument prepared by:

Sandra M. Murphy, Attorney at Law
BOWLES RICE McDAVID GRAFF & LOVE PLLC
600 Quarrier Street
Post Office Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1100

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BYLAWS

OF

UNITED BANK, INC.

ARTICLE I. OFFICES

The principal office of the corporation in the State of West Virginia shall be located in the City of Parkersburg, County of Wood. The corporation may have such other office or offices, and transact business, either within or without the State of West Virginia, as the board of directors may designate or as the business of the corporation may require from time to time.

ARTICLE II. SHAREHOLDERS

SECTION 1. Annual Meeting. The regular annual meeting of the shareholders to elect directors and transact whatever other business may properly come before the meeting, shall be held at the main office of the corporation, 514 Market Street, Parkersburg, State of West Virginia or such other place as the board of directors may designate on the third Monday of May of each year, or if that date falls on a legal holiday in the state in which the corporation is located, on the next following banking day. Notice of the meeting shall be mailed by first class mail, postage prepaid, at least 10 days and no more than 60 days prior to the date thereof, addressed to each shareholder at his/her address appearing on the books of the corporation. If, for any cause, an election of directors is not made on that date, or in the event of a legal holiday, on the next following banking day, an election may be held on any subsequent day within 60 days of the date fixed, to be designated by the board of directors, or, if the directors fail to fix the date, by shareholders representing two-thirds of the shares.

SECTION 2. Special Meetings. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the president or by and at the request of the holders of not less than ten percent (10%) of all the outstanding shares of the corporation entitled to vote at the meeting. Every such special meeting, unless otherwise provided by law, shall be called by mailing, postage prepaid, not less than 10 days nor more than 60 days prior to the date fixed for the meeting, notice of the time, place and purpose of the meeting to each shareholder at the address appearing on the books of the corporation a notice stating the purpose of the meeting.

If an annual or special shareholders' meeting is adjourned to a different date, time, or place, notice need not be given of the new date, time or place, if the new date, time or place is announced at the meeting before adjournment, unless any additional items of business are to be considered, or the corporation becomes aware of an intervening event materially affecting any matter to be voted on more than 10 days prior to the date to which the meeting is adjourned.

SECTION 3. Written Agreement in Lieu of Meeting. Whenever the vote of shareholders at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such shareholders may be dispensed with if all of the shareholders who would have been entitled to vote upon the action, if such meeting were held, shall agree in writing to such corporate action being taken, and such agreement shall have like effect and validity as though the action were duly taken by the unanimous action of all shareholders entitled to vote at a meeting of such shareholders duly called and legally held.

SECTION 4. Closing of Transfer Books or Fixing of Record Date. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of the corporation may provide that the stock transfer books shall be closed for a stated period but not to exceed, in any case, fifty (50) days. If the stock transfer books shall be closed for the purpose of determining shareholders entitled to notice of or to vote at a meeting of shareholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the board of directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than fifty (50) days and, in case of a meeting of shareholders, not less than ten (10) days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If the stock transfer books are not closed and no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this section, such determination shall apply to any adjournment thereof.

SECTION 5. Voting Lists. The officer or agent having charge of the stock transfer books for shares of the corporation shall make a complete record of the shareholders entitled to vote at such meeting, or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which list shall be kept on file at the office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original stock transfer book shall be prima facie evidence as to who are the shareholders entitled to examine such list or transfer books or to vote at any meeting of shareholders. A copy of the stock transfer book shall be made on the first Monday in July of each year and verified by the oath of the president, secretary, or other executive officer and immediately transmitted to the West Virginia commissioner of banking at his office.

SECTION 6. Quorum. At all meetings of the shareholders, a quorum of the shareholders shall consist of a majority of all the shares of stock entitled to vote, represented by the holders thereof in person or represented by proxy. If a quorum is present, the affirmative vote of a majority of the shares represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders.

If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. The shareholders present at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

SECTION 7. Organization. The president shall call meetings of the shareholders to order and shall act as chairman of such meeting. The shareholders present may appoint any shareholder to act as chairman of any meeting in the absence of the president or with his consent if present.

The secretary of the corporation shall act as secretary of all meetings of the shareholders. In the absence of the secretary at any such meeting, the presiding officer may appoint any person to act as secretary thereof and to keep a record of the proceedings.

SECTION 8. Nominations of Directors. Nominations for election to the board of directors may be made by the board of directors or by any stockholder of any outstanding class of capital stock of the corporation entitled to vote for the election of directors. Nominations, other than those made by or on behalf of the existing management of the corporation, shall be made in writing and shall be delivered or mailed to the president of the corporation not less than 14 days nor more than 50 days prior to any meeting of shareholders called for the election of directors, provided that, however, that if less than 21 days' notice of the meeting is given to shareholders, such nomination shall be mailed or delivered to the president of the corporation no later than the close of business on the seventh day following the day on which the notice of meeting was mailed. Such notification shall contain the following information to the extent known to the notifying shareholder:

(1) The name and address of each proposed nominee.

(2) The principal occupation of each proposed nominee.

(3) The total number of shares of capital stock of the corporation that will be voted for each proposed nominee.

(4) The name and residence address of the notifying shareholder.

(5) The number of shares of capital stock of the corporation owned by the notifying shareholder.

Nominations not made in accordance herewith may, in his/her discretion, be disregarded by the chairperson of the meeting, and upon his/her instructions, the vote tellers may disregard all votes cast for each such nominee.

SECTION 9. Judges of Election. Every election of directors shall be managed by three judges, who shall be appointed from among the shareholders by the board of directors. The judges of election shall hold and conduct the election at which they are appointed to serve. After the election, they shall file with the secretary a certificate signed by them, certifying the result thereof and the names of the directors elected. The judges of election, at the request of the chairperson of the meeting, shall act as tellers of any other vote by ballot taken at such meeting, and shall certify the result thereof.

SECTION 10. Cumulative Voting. At each election for directors every shareholder entitled to vote at such election shall have the right to vote, in person or by proxy, the number of shares owned by him for as many persons as there are directors to be elected and for whose election he has a right to vote, or to cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or by distributing such votes on the same principle among any number of such candidates, and the directors shall not be elected in any other manner, except as provided in Article III, Section 16, of the Bylaws.

Except as otherwise provided in the preceding paragraph, or in the Articles of Incorporation of the corporation, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

SECTION 11. Proxies. At all meetings of shareholders, a shareholder may vote in person or by proxy executed in writing by the shareholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven (11) months from the date of its execution, unless otherwise provided in the proxy.

SECTION 12. Voting of Shares by Certain Holders. Shares standing in the name of another corporation may be voted by such officer, agent or proxy as the Bylaws of such corporation may prescribe, or, in the absence of such provisions, as the board of directors of such corporation may determine.

Shares held by an administrator, executor, guardian or conservator may be voted by him, either in person or by proxy, without a transfer of such shares into his name. Shares standing in the name of a trustee may be voted by him, either in person or by proxy, but no trustee shall be entitled to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Shares of its own stock belonging to the corporation shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares at any given time.

SECTION 13. Examining Committee. At the annual meeting of shareholders, the shareholders, present in person or by proxy shall elect an examining committee composed of not less than three nor more than five persons, each of whom shall be a shareholder either in the corporation or, if such corporation is controlled by a bank holding company, in that bank holding company. At such time or times as it may be directed to do so by the written request of the board of directors or the West Virginia commissioner of banking, such committee shall immediately proceed to examine the condition of the bank and, upon completion of such examination, shall file its report in writing with the board of directors. Such report shall set forth in detail all items included in the assets of the bank which the committee has reason to believe are not of the value at which they appear on the books and records of the bank, and shall give the value of each of such items according to its judgment. The board of directors shall cause such report to be retained as a part of the records of the bank and shall transmit a duly authenticated copy thereof to the West Virginia commissioner of banking. With the consent and approval of the shareholders, such committee may employ registered or certified public accountants to make such examination or make the same in conjunction with any official examination made by any supervisory authority. The workpapers of any audit, including any materials associated with an audit of the bank's electronic data procedures, shall be made available to the West Virginia commissioner of banking or to the examiners of the West Virginia department of banking upon request. Any official examiner of the West Virginia department of banking may require the presence of the examining committee or the executive committee during his examination.

ARTICLE III. BOARD OF DIRECTORS

SECTION 1. Powers. The business and property of the corporation shall be managed and controlled by the board of directors to be elected at each regular annual meeting of the corporation. Except as expressly limited by law, all corporate powers of the corporation shall be vested in and may be exercised by the board.

SECTION 2. Qualifications. Every director must, during the term of his or her service, be a citizen of the United States. In addition, a majority of the directors must reside in West Virginia. Every director must own capital stock in the banking institution of which he or she is a director. Said director must own shares in the aggregate par value of not less than five hundred dollars, an exception being that if a bank holding company has control of the banking institution, shares owned by a director of the subsidiary bank in the controlling bank holding company will satisfy the requirements of this section: Provided, That the director owns, in his or her own right, common or preferred stock of the controlling bank holding company in an amount equal to or greater than any one of the following: (i) Aggregate par value of five hundred dollars; (ii) aggregate shareholders' equity of five hundred dollars; or (iii) aggregate fair market value of five hundred dollars. Determination of the fair market value of the controlling bank holding company's stock shall be based upon the value of that stock on the date it was purchased or on the date the person became a director, whichever is greater. Any director who ceases to be the owner of the required number of shares of stock or who becomes disqualified in any other manner, shall thereby vacate his directorship. In addition, no person shall serve as a director who has evidenced personal dishonesty and unfitness to serve as such director by his or her conduct or practice with another financial institution which resulted in a substantial financial loss or damage thereto or who has been convicted of any crime involving personal dishonesty.

SECTION 3. Oath. Each director shall take an oath that he or she will, so far as the duty devolves upon him or her, diligently and honestly administer the affairs of the corporation, and will not knowingly violate or willingly permit to be violated any of the laws of West Virginia relative to the banking and banking institutions, and that he or she is the owner in good faith, and in his or her own right, of the number of shares of stock required by Article III, Section 2, and that the same is not hypothecated, or in any way pledged, as security for any loan or debt. The oath shall be taken before a notary public or before any other officer having an official seal and authorized by the State of West Virginia to administer oaths, except that the oath shall not be taken before any such notary public or other officer who is an officer of the corporation. The oath, subscribed by the director making it, and certified by the notary public or other officer before whom it is taken, shall be immediately forwarded to the Secretary of the Board of the Commissioner of Banking of the State of West Virginia for filing in his office.

Should a director fail to subscribe to or renew the oath hereinabove required within sixty days after notice of his or her election or re-election, or at any time after qualifying as such, sell or dispose of, or in any manner hypothecate or pledge as security for a debt or obligation, such qualifying shares, or any number thereof, necessary for his or her qualification, thereupon the remaining directors shall elect another director in his or her stead.

SECTION 4. Number. The board shall consist of no less than five nor more than twenty-five persons, the exact number within such minimum and maximum limits to be fixed and determined from time to time by resolution of a majority of the full board or by resolution of a majority of the shareholders at any meeting thereof. Each director shall hold office from the time of

his election until the next regular annual meeting of the shareholders of the corporation, or until his successor is elected and qualified, or until he is removed by a vote of the stockholders.

SECTION 5. Organization Meeting. The secretary, upon receiving the certificate of the judges, of the result of any election, shall notify the directors-elect of their election and of the time at which they are required to meet at the main office of the corporation to organize the new board and elect and appoint officers of the corporation for the succeeding year. Such meeting shall be held on the day of the election or as soon thereafter as practicable, and, in any event, within 30 days thereof. If, at the time fixed for such meeting, there shall not be a quorum, the directors present may adjourn the meeting, from time to time, until a quorum is obtained.

SECTION 6. Regular Meetings. The regular meetings of the board of directors shall be held as reasonably determined by the board of directors by resolution. Notice will be given at a previous meeting, by telephone, by letter or verbally to members regarding the date, time and place of the meeting.

SECTION 7. Special Meetings. Special meetings of the board of directors may be called by the chairperson of the corporation, or at the request of one or more directors. Each member of the board of directors shall be given notice stating the time and place by telegram, first class mail, or in person, of each special meeting.

SECTION 8. Notice. No written notice shall be required of the regular meeting of the board of directors. Notice of any special meeting shall be given at least three (3) days previously thereto by written notice delivered personally or mailed to each director at his last known address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Any director may waive notice of any meeting. The presence of any director at a meeting shall constitute a waiver of notice of such meeting as to that director, except when a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting except that such notice must set forth the nature of the business intended to be transacted if such business is (a) amending the Bylaws or (b) authorizing the sale of all or substantially all of the assets of the corporation.

SECTION 9. Quorum. A majority of the director positions on the board shall constitute a quorum at any meeting, except when otherwise provided by law, or the Bylaws, but a lesser number may adjourn any meeting, from time to time, and the meeting may be held, as adjourned, without further notice. If the number of directors is reduced below the number that would constitute a quorum, no business may be transacted, except selecting directors to fill vacancies in conformance with Article III, Section 16. If a quorum is present, the board of directors may take action through the vote of a majority of the directors who are in attendance.

SECTION 10. Written Agreement in Lieu of Meeting. Whenever the vote of directors at a meeting thereof is required or permitted to be taken in connection with any corporate action, the meeting and vote of such directors may be dispensed with if all of the directors shall consent and agree in writing to such corporate action being taken, and such agreement (which shall set forth the action so taken and be signed by all of the directors) shall have like effect and validity as though the action were duly taken by the unanimous action of all directors at a meeting of such directors duly called and legally held.

SECTION 11. Chairperson of the Board. At all meetings of the board of directors, the chairperson of the board or in his absence, any director elected by the directors present, shall preside. The secretary or any person appointed by the directors present, shall keep a record of the proceedings. The records shall be verified by the signature of the person acting as chairperson of the meeting.

SECTION 12. Compensation. By resolution of the board of directors, each director who is not an employee of the corporation may be paid his expenses, if any, of attendance at each meeting of the board of directors, and may be paid a stated salary as director or a fixed sum for attendance at each meeting of the board of directors or both.

SECTION 13. Presumption of Assent. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 14. Ratification by Shareholders. The board of directors, in its discretion, may submit any contract or act for approval or ratification at any annual meeting of the shareholders or any general or special meeting called for the purpose of considering any contract or act; and any contract or act which shall be approved and ratified by the vote of the holders of a majority in interest of the capital stock of the corporation that is represented in person or by proxy at such meeting, providing only that a quorum of the shareholders be either so represented in person or by proxy, shall be as valid and binding upon the corporation and upon all the stockholders as though it had been approved and ratified by each and every shareholder of the corporation.

SECTION 15. Election of Officers and Committees. The board of directors shall elect the officers hereinafter provided for in Article IV, Section 1 of these Bylaws, and in case of the absence of the president and/or the vice president, the board may appoint a president pro tempore who for the time shall discharge the official duties of the president, and the board of directors shall determine what is such absence as will justify the election of the president pro tempore.

The board of directors, by resolution adopted by a majority of the full board of directors, may designate from among its members an executive committee and one or more other committees, each of which, to the extent provided in such resolution, shall have and may exercise all the authority of the board of directors, except in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, filling a vacancy on the board of directors or any of its committees, authorizing distribution of assets or dividends, recommending to the shareholders the sale, lease, exchange or other disposition of all or substantially all the property and assets of the corporation otherwise than in the usual and regular course of its business, recommending to the shareholders a voluntary dissolution of the corporation or a revocation thereof, adopting, amending or repealing the Bylaws of the corporation or any other action that requires the approval of the shareholders. The designation of any such committee and the delegation thereto of authority shall not operate to relieve the board of directors, or any member thereof, of any responsibility imposed by law.

The board of directors must formally ratify written policies authorized by committees of the board before they become effective. Each committee must have one or more member(s), who serve at the pleasure of the board of directors. Provisions of the Articles of Incorporation and Bylaws governing place of meetings, notice of meeting, quorum, and voting requirements of the board of directors, apply to committees and their members as well. The creation of a committee and appointment of members to it must be approved by the board of directors.

SECTION 16. Vacancies. Any vacancies existing in the board of directors and any directorship to be filled by reason of an increase in the number of directors unless the Articles of Incorporation or Bylaws provide that a vacancy shall be filled in some other manner, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the board of directors. A director elected to fill a vacancy shall be elected for the unexpired term of his predecessor in office. Any directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors for a term of office continuing only until the next election of directors by the shareholders.

SECTION 17. Removal. At a meeting of shareholders called expressly for that purpose, any director or the entire board of directors may be removed, with or without cause, by a vote of the holders of a majority of the shares entitled to vote at an election of directors. If less than the entire board is to be removed, no one of the directors may be removed if the votes cast against his removal would be sufficient to elect him.

ARTICLE IV. OFFICERS

SECTION 1. Number. The officers of the corporation shall be a president, a secretary, an assistant secretary and a treasurer, and may be one or more vice presidents, each of whom shall be elected by the board of directors. Such other officers and assistant officers as may be deemed necessary may be elected or appointed by the board of directors.

One person may hold more than one office, except that the president and secretary shall not be the same person. No officer shall execute, acknowledge or verify any instrument in more than one capacity, if such instrument is required by law or the Bylaws to be executed, acknowledged and verified or countersigned by two or more officers.

SECTION 2. Election and Term of Office. The officers of the corporation to be elected by the board of directors shall be elected annually by the board of directors at the annual meeting of the board of directors held after each annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3. Removal. Any officer or agent may be removed by the board of directors whenever in its judgment, the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 4. Vacancies. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors at a special meeting for the unexpired portion of the term. Any vacancy occurring in the office of president shall be filled promptly by the board of directors.

SECTION 5. Chairperson of the Board. The chairperson of the board shall preside at all meetings of the board of directors. The chairperson of the board shall supervise the carrying out of the policies adopted or approved by the board; shall have general executive powers, as well as the specific powers conferred by these Bylaws; and shall have and may exercise such further powers and duties as from time to time may be conferred upon, or assigned by the board of directors.

SECTION 6. President. The board of directors shall appoint one of its members to be the president of the corporation. The president of the bank shall be a member of the board and shall be the chairperson thereof, but the board may designate a director in lieu of the president to be chairperson of the board. In the absence of the chairperson, if the president has not been named as the chairperson, the president shall preside at any meeting of the board. The president shall have general executive powers, and shall have and may exercise any and all other powers and duties pertaining by law, regulation, or practice, to the office of president, or imposed by these Bylaws. The president shall also have and may exercise such further powers and duties as from time-to-time may be conferred, or assigned by the board of directors.

SECTION 7. Vice President. The board of directors may appoint one or more vice presidents. Each vice president shall have such powers and duties as may be assigned by the board of directors. One vice president shall be designated by the board of directors, in the absence of the president, to perform all the duties of the president.

SECTION 8. Secretary. The board of directors shall appoint a secretary, cashier, or other designated officer who shall be secretary of the board and of the corporation, and shall: (a) keep the minutes of the proceedings of the shareholders and of the board of directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all documents the execution of which on behalf of the corporation under its seal is duly authorized; (d) keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) sign with the president, certificates for shares of the corporation, the issuance of which shall have been authorized by resolution of the board of directors; (f) have general charge of the stock transfer books of the corporation; and (g) in general perform all duties incident to the office of secretary and such other duties as from time to time may be assigned to him by the president or by the board of directors.

SECTION 9. Treasurer. The treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; (b) receive and give receipts for moneys due and payable to the corporation from any source whatsoever, and deposit all such moneys in the name of the corporation in such banks, trust companies or other depositaries as shall be selected in accordance with the provisions of Article V of these Bylaws; (c) keep accurate accounts, in such form as may be approved by the board of directors, of all the financial transactions of the corporation, and shall close said accounts and balance said books of account at least once in each year; (d) whenever required by the president, the vice president, or by the board of directors, render a report of all moneys received and disbursed by the corporation and of the financial condition of the corporation; and (e) in general perform all of the duties as from time to time may be assigned to him by the president or by the board of directors.

SECTION 10. General Provisions. Directors shall direct and require good and sufficient fidelity bonds on all active officers and employees, whether or not they draw salary or compensation, which bonds shall provide for indemnity to the corporation on account of any losses sustained by it as the result of any dishonest, fraudulent or criminal act or omission committed or omitted by them acting independently or in collusion or combination with any person or persons. Such bonds may be in individual, schedule or blanket form, and the premiums therefor shall be paid by the corporation.

Any duty authorized, provided and/or required to be performed by any officer of this corporation may be performed by his duly authorized assistant.

SECTION 11. Salaries. The salaries of the officers shall be fixed from time to time by the board of directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

ARTICLE V. CONTRACTS AND ACCOUNTS

SECTION 1. Contracts. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

ARTICLE VI. CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. Certificates for Shares. Certificates representing shares of the corporation shall be in such form as shall be determined by the board of directors. Such certificates shall be signed by the president and by the secretary or by such other officers authorized by law and by the board of directors so to do, and sealed with the corporate seal or a facsimile thereof. The signatures of the president and the secretary or such other officers upon a certificate may be facsimiles if the certificate is manually signed on behalf of a transfer agent or a registrar, other than the corporation itself or an employee of the corporation. In case any officer who has signed or whose facsimile signature has been placed upon such certificate shall have ceased to be such officer before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer at the date of its issue. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the corporation. All certificates surrendered to the corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued pursuant to Section 4 of this Article. Each certificate shall recite on its face that the stock represented thereby is transferable only upon the books of the corporation.

SECTION 2. Transfer of Shares. Transfer of shares of the corporation shall be made only on the stock transfer books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the corporation, and on surrender for cancellation of title certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed by the corporation to be the owner thereof for all purposes.

SECTION 3. Dividends. The directors of the corporation may quarterly, semiannually or annually, declare a dividend of so much of the net profits of the corporation as they shall judge expedient, except that until, the surplus fund of the corporation shall equal its common stock, no dividends shall be declared unless there has been carried to the surplus fund not less than one-tenth part of the corporation's net profits of the preceding half year in the case of quarterly or semiannual dividends, or not less than one-tenth part of its net profits of the preceding two consecutive half-year periods in the case of annual dividends. The corporation shall seek approvals required by law, if any, prior to declaring a dividend.

SECTION 4. Lost, Destroyed or Stolen Certificates. A shareholder requesting the issuance of a stock certificate of the corporation in lieu of a lost, destroyed or stolen certificate shall promptly give notice to the corporation of such loss, destruction or theft, and publish in a newspaper of general circulation published in the County within which the corporation then has its principal place of business, a notice of such loss once a week for two (2) successive weeks. Such shareholder shall file with the officers of this corporation, first, an affidavit setting forth the time, place and circumstances of the loss to the best of his knowledge and belief and, second, proof of the required publication. He shall also, in the discretion of the board of directors, execute and deliver to the corporation a bond with good security in a penalty of an amount deemed reasonable and necessary by the board of directors, which, amount may be an unlimited amount, conditioned to indemnify the corporation and all persons whose rights may be affected by the issuance of the new certificates against any loss in consequence of the new certificate being issued.

The corporation will issue the new stock certificate if the above requirements are completed before the corporation has notice that the certificate has been acquired by a bona fide purchaser.

The board of directors, in its discretion, may authorize the issuance of a new certificate in lieu of the one lost, destroyed or stolen without requiring the publication of said notice or the giving of a bond.

ARTICLE VII. ACCOUNTING PERIOD

The accounting period of the corporation shall begin on the 1st day of January, and end on the 31st day of December, in each year.

ARTICLE VIII. CORPORATE SEAL

The board of directors shall provide a corporate seal which shall be circular in form and shall have inscribed thereon the name of the corporation, the state of incorporation and the words, "Corporate Seal."

ARTICLE IX. MISCELLANEOUS

SECTION 1. Voting Upon Stocks. Unless otherwise ordered by the board of directors, the president shall have full power and authority on behalf of the corporation, whether in person or by proxy, to attend and to act and to vote at any meeting of stockholders of any corporation in which this corporation may hold stock, and at any such meeting shall possess and may exercise any and all the rights and powers incident to the ownership of such stock, and which, as the owner thereof, this corporation might have possessed and exercised if present. The board of directors by resolution may, from time to time, confer like powers upon any other person or persons.

SECTION 2. Contracts With Directors and Officers. No contract or other transaction between a corporation and one or more of its directors or any other corporation, firm, association or entity in which one or more of its directors are directors or officers or are financially interested, shall be either void or voidable because of such relationship or interest or because such director or directors are present at the meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or because his or their votes are counted for such purpose, if: (1) the fact of such relationship or interest is disclosed or known to the board of directors or committee which authorizes, approves or ratifies the contract or transaction by a vote or consent sufficient for the purpose without counting the votes or consents of such interested directors; or (2) the fact of such relationship or interest is disclosed or known to the stockholders entitled to vote and they authorize, approve or ratify such contract or transaction by vote or written consent; or (3) the contract or transaction is fair and reasonable to the corporation.

Common or interested directors may be counted in determining the presence of a quorum at a meeting of the board of directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

On any question involving the authorization, approval or ratification of any such contract or transaction, the names of those voting each way shall be entered on the record of the proceedings.

SECTION 3. Indemnification of Directors, Officers and Employees. The corporation shall indemnify and reimburse each present and future director, officer, employee or agent of the corporation against, and each such director, officer, employee or agent shall be entitled without further action on his or her part to indemnity from the corporation for, the following:

All expenses, including without limitation attorneys' fees, judgments, fines, taxes and penalties and interest thereon, and if its Board of Directors determines that a settlement of any action, suit or proceeding is in the best interest of the corporation, all amounts paid in effecting such settlement, other than amounts paid to the corporation itself, reasonably incurred by him or her in connection with or arising out of any action, suit or proceeding in which he or she may be involved by reason of his or her being or having been a director, officer, employee or agent of the corporation or of any other firm, corporation, association, company or organization which he or she serves or has served as a director, officer, employee or agent at the request of the corporation; provided however, that such indemnity shall not include any expenses incurred by any director, officer, employee or agent with respect to matters as to which he or she shall be finally adjudged in any such action, suit or proceeding to have been guilty of or liable for gross negligence, willful misconduct or criminal acts in the performance of his or her duties for the corporation; provided, further, that no person shall be so indemnified or reimbursed in relation to any matter in which action, suit, or proceeding which has been made the subject of a compromise settlement except with the approval of a court of a competent jurisdiction, or the holders of record of a majority of the outstanding shares of the association, or the board of directors, acting by vote of the directors not parties to the same or substantially the same action, suit, or proceeding, constituting a majority of the whole number of directors; provided, further, that no person shall be so indemnified or reimbursed any expenses incurred in an administrative proceeding or action instituted by an appropriate bank regulatory agency, which proceeding or action results in a final order assessing civil money penalties or requiring affirmative action by an individual or individuals in the form of payments to the corporation if such form of indemnification is specially prohibited by any valid and enforceable ruling of an appropriate bank regulatory agency. The foregoing right of indemnification shall inure to the benefit of the heirs, executors or administrators of each such directors, officer employee or agent and shall be in addition to all other rights to which such director, officer, employee or agent may be entitled as a matter of law.

The corporation may, upon the affirmative vote of a majority of its Board of Directors, purchase insurance for the purpose of indemnifying its directors, officers, employees and agents to the extent that such indemnification is allowed in the preceding paragraph. Such insurance may, but need not, be for the benefit of all directors, officers, employees and agents.

SECTION 4. Waiver of Notice. Unless otherwise provided by law, whenever any notice is required to be given to any shareholder or directors of the corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the West Virginia Corporation Act, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice and attendance of the person at a meeting shall constitute a waiver of notice, unless the person attends for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 5. Telephonic Attendance and Voting at Meetings. Notwithstanding anything herein contained to the contrary, one or more directors or shareholders may participate in a meeting of the board, a committee of the board or of the shareholders by means of telephonic conference or similar electronic communication equipment by means of which all persons participating in the meeting can hear each other.

Whenever a vote of the shareholders or directors is required or permitted in connection with any corporate action this vote may be taken orally during this electronic conference. The agreement thus reached shall have like effect and validity as though the action were duly taken by the action of the shareholders or directors at a meeting of shareholders or directors if the agreement is reduced to writing and approved by the shareholders or directors at the next regular meeting of the shareholders or directors after the conference.

SECTION 6. Usage of Terms. Except as otherwise specifically provided, for the purposes of these Bylaws, the term majority shall mean a number greater than one-half (½) of the total.

Except as otherwise specifically provided, for the purposes of these Bylaws, and as the context may require, the use of pronouns of the masculine gender shall be deemed to include pronouns of the feminine and neuter genders, and the use of pronouns of the feminine gender shall be deemed to include pronouns of the masculine and neuter genders.

SECTION 7. Records. The Articles of Incorporation, the Bylaws, and the proceedings of all meetings of the shareholders, the board of directors, and standing committees of the board, shall be recorded in appropriate minute books provided for that purpose. The minutes of each meeting shall be signed by the secretary or other officer appointed to act as secretary of the meeting.

ARTICLE X. AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the board of directors at any regular or special meeting of the board of directors, subject to repeal or alteration by action of the shareholders.

® BOWLES RICE MCDAVID GRAFF & LOVE PLLC

EXHIBIT B - SERIES 2006 BOND TERMS

SERIAL BONDS

Maturity Schedule

Bond No.	Maturity Date	Principal Amount	Interest Rate	Price or Yield
AR-1	October 1, 2007	$180,000	3.80%	99.953%
AR-2	October 1, 2008	205,000	4.00	100.086
AR-3	October 1, 2009	210,000	4.00	100.000
AR-4	October 1, 2010	220,000	4.00	99.925
AR-5	October 1, 2011	230,000	4.00	99.820
AR-6	October 1, 2012	185,000	4.00	99.581
AR-7	October 1, 2013	250,000	4.00	99.402
AR-8	October 1, 2014	255,000	4.00	99.195
AR-9	October 1, 2015	265,000	4.10	99.701
AR-10	October 1, 2016	280,000	4.15	99.835
AR-11	October 1, 2017	290,000	4.15	99.476
AR-12	October 1, 2018	300,000	4.20	99.625
AR-13	October 1, 2019	315,000	4.20	99.210

(Accrued Interest to be Added)

EXHIBIT C

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe&Johnson PLLC, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____.

UNITED BANK,
as Registrar

By:_____
Its: Authorized Officer

$3,185,000
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
Sewer Refunding Revenue Bonds, Series 2006

UNDERWRITER'S CERTIFICATE

The undersigned Gregory B. Isaacs, Vice President of Crews & Associates, Inc. (the "Underwriter"), for and on behalf of the Underwriter, as purchaser of the above-captioned Bonds (the "Bonds"), hereby certifies that:

(a) At least 10% of the Bonds have been the subject of an initial offering to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), made pursuant to the Bond Purchase Agreement dated October 24, 2006, by and between Greenbrier Public Service District No. 1 (the "Issuer") and the Underwriter, at prices no higher than, or yields no lower than, those shown on the cover of the Official Statement dated October 20, 2006 relating to the Bonds, including interest accrued on the Bonds from November 1, 2006, to November 15, 2006. We have made a bona fide public offering of all Bonds at the public offering price.

(b) To the best of our knowledge, based on our records and other information available to us which we believe to be correct, at least 10% of each maturity the Bonds were sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the cover of the Official Statement, including interest accrued on the Bonds from November 1, 2006, to November 15, 2006. At the time we agreed to purchase the Bonds based upon our assessment of the then prevailing market conditions, we had no reason to believe any of the Bonds would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices or yields less than the yields, shown on the cover of the Official Statement, including interest accrued on the Bonds from November 1, 2006 to November 15, 2006.

(c) The level of funding of the Reserve Account established by the Resolution authorizing issuance of the Bonds is reasonable and necessary because such an amount is required as a condition to marketing the Bonds at the interest rates and with the maturities established for the Bonds. Such amount was determined to be necessary to reduce the probability of a default on the Bonds due to a temporary decrease in revenues or increase in operating expenses. The amount to be maintained in the Reserve Account is equal to the maximum annual debt service on the Bonds and is less than 10% of the face amount of the Bonds.

(d) The weighted average maturity of the Bonds is 7.475 years.

(e) The remaining weighted average maturity of the Series 1996 Bonds is 7.658%.

(f) The net interest cost on the Bonds is 4.1754880%.

(g) This certificate may be relied upon by the Issuer with respect to completion of its Tax and Arbitrage Certificate and IRS Form 8038-G relating to the Bonds, and by Steptoe & Johnson PLLC in rendering their tax opinion with respect to the Bonds.

[Remainder of Page Intentionally Left Blank]

Dated this 15th day of November, 2006.

CREWS & ASSOCIATES, INC.

By: _____
Its: Vice President

10.31.06
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Griffith & Associates

Accountants & Consultants

November 15, 2006

$3,185,000
Greenbrier Public Service District No. 1 (West Virginia)
Sewer Refunding Revenue Bonds, Series 2006

Greenbrier Public Service District No. 1
Lewisburg, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Steptoe & Johnson, PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges set forth in the Final Order of the Public Service Commission of West Virginia entered December 15, 2003, in Case No. 03-0413-PSD-19A, and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Greenbrier Public Service District No. 1 (the "Issuer"), it is our opinion that such rate and charges will be sufficient to provide revenues which, together with other revenues of the sewage system (the "System") of the Issuer, will pay all repair, operation and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Sewer Refunding Revenue Bonds, Series 2006 (the "Bonds"), and all other obligations secured by or payable from the revenues of the System prior to, on a parity with or junior to the Bonds, including the Issuer's Sewer Revenue Bonds, Series 1983 B (the "Prior Bonds").

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

Very truly yours,

Michael D. Griffith, CPA
Griffith & Associates

Michael D. Griffith, CPA
michaelgriffithcpa@verizon.net

950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

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November 1, 2006

$3,185,000
Greenbrier Public Service District No. 1
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2006

VIA FACSIMILE

Thomas A. Vlahakis, Vice President
The Bank of New York
385 Rifle Camp Road 3rd Floor
West Paterson, New Jersey 07424

Sara Boardman, Executive Director
West Virginia Municipal Bond Commission
8 Capitol Street, Suite 500
Charleston, West Virginia 25301

Dear Mr. Vlahakis and Ms. Boardman:

Pursuant to the Prepayment Agreement, a copy of which is attached hereto, upon closing of the above-referenced bonds (the "Series 2006 Bonds") on November 15, 2006, issued to currently refund the Sewer Refunding Revenue Bonds, Series 1996 (the "Series 1996 Bonds"), the West Virginia Municipal Bond Commission (the "Commission") will receive a wire of proceeds of the Series 2006 Bonds in the amount of $2,726,146.84. This amount will be deposited into the Series 1996 Bonds Sinking Fund and together with the existing balance held therein in the amount of $246,961.15 and $372,380.97 to be transferred from the Series 1996 Bonds Reserve Fund to the Series 1996 Bond Sinking Fund, for a total of $3,345,488.96, will be sufficient to pay the principal of, interest accrued on and redemption premium of the Series 1996 Bonds on December 1, 2006. The Commission will hold the monies in the Series 1996 Bonds Sinking Fund until November 17, 2006. On this date, the Commission will wire the monies to The Bank of New York to ensure the Bank is prepared for the payout on December 1, 2006.

Thank you for your attention to this letter. If you have any questions regarding any aspect of this financing, or if I can be of any other service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/km
Enclosure

cc: David Gray, General Manager

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TERRALEX
The Worldwide Network of Independent Law Firms

$3,185,000

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2006

JOINT CERTIFICATE OF ISSUER AND AGENT

The undersigned DANIEL WITHROW, Chairman of the Greenbrier Public Service District No. 1, a public service district, public corporation and political subdivision of the State of West Virginia (the "Issuer"), and the undersigned SARA BOARDMAN, Executive Director of the West Virginia Municipal Bond Commission (the "Agent"), hereby jointly certify as follows in connection with the above-captioned Bond issue:

1. We have executed the Prepayment Agreement between the Issuer, The Bank of New York and the Agent, dated November 15, 2006 (the "Prepayment Agreement").

2. The Agent has the authority to act as Agent for and in connection with the Prior Bonds and has the requisite powers to carry out its duties under the Prepayment Agreement, and the Prepayment Agreement has been duly and validly authorized, executed and delivered by the Agent, and assuming due authorization, execution and delivery thereof by the Issuer, the Prepayment Agreement constitutes a valid and legally binding obligation of the Agent, enforceable in accordance with its terms.

3. The amounts currently on deposit in the Series 1996 Bonds Sinking Fund in the amount of $246,961.15, the amounts currently on deposit in the Series 1996 Bonds Reserve Account in the amount of $372,380.97 and the Series 2006 A Bonds Proceeds in the amount of $2,726,146.84 deposited in the Series 1996 Bonds Sinking Fund are sufficient to fully pay the Series 1996 Bonds described in the Prepayment Agreement, including payment of the principal of, the redemption premium and interest on, the Series 1996 Bonds on December 1, 2006, and the liens of the Series 1996 Bonds and the resolutions pursuant to which the Series 1996 Bonds were issued have been discharged.

WITNESS our signatures this 15th day of November, 2006.

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman, Public Service Board

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Executive Director

10.27.06
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CH835241.1

STEPTOE & JOHNSON PLLC
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John.Stump@steptoe-johnson.com

October 25, 2006

Greenbrier Public Service District No. 1
Sewer Refunding Revenue Bonds, Series 2006

VIA FACSIMILE AND REGULAR MAIL
Thomas A. Vlahakis, Vice President
Bank of New York
385 Rifle Camp Road 3rd flr.
West Paterson, New Jersey 07424

Dear Mr. Vlahakis:

The Bank of New York (the "Bank") currently serves as Paying Agent and Registrar for the Greenbrier Public Service District No. 1 (the "District") Sewer Refunding Revenue Bonds, Series 1996 (the "Series 1996 Bonds"). The District will be currently refunding the Series 1996 Bonds on December 1, 2006. Pursuant to the redemption requirements in the Series 1996 Bond Ordinance, notice must be sent no less than 30-60 days prior to the date of redemption. Enclosed please find the Notice of Redemption.

Pursuant to the Series 1996 Bond Ordinance, the Registrar must send the notice to the Bond Insurer, Original Purchaser and Registered Owners no later than October 31, 2006, in order for the Series 1996 Bonds to be refunded on December 1,2006. We anticipate the issuance of the above-referenced refunding bonds in the middle of November. At that time, sufficient funds will be placed with the West Virginia Municipal Bond Commission to pay the entire amount of principal of, all interest accrued and the premium of 2% for the Series 1996 Bonds.

Thank you for your attention to this letter. If you have any questions regarding any aspect of this financing, or if I can be of any other service, please do not hesitate to call.

My best regards.

Very truly yours,

John C. Stump

JCS/km
Enclosure

cc: David Gray, General Manager (w/ encl.)
Barry Cunningham, Associate (w/ encl.)
Samme Gee, Esquire (w/ encl.)
Sara Boardman, Executive Director (w/ encl.)

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[TO BE MAILED BY CERTIFIED OR REGISTERED MAIL TO ALL REGISTERED OWNERS (DTC), THE BOND INSURER AND THE ORIGINAL PURCHASER OF THE SERIES 1996 BONDS ON OCTOBER 31, 2006]

NOTICE OF REDEMPTION

$4,420,000
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 1996
Dated: June 15, 1996

TO THE REGISTERED OWNERS (DTC), BOND INSURER AND ORIGINAL PURCHASER OF THE ABOVE-CAPTIONED BONDS:

You are hereby notified that all the Sewer Refunding Revenue Bonds, Series 1996, of Greenbrier Public Service District No. 1, West Virginia (the "District"), dated June 15, 1996 (the "Series 1996 Bonds"), have been ordered by the District to be redeemed on or about December 1, 2006 (the "Redemption Date"), in accordance with the provisions of the Resolution authorizing issuance of the Series 1996 Bonds. The outstanding Series 1996 Bonds mature on October 1 in the following years:

Principal Amount	Maturity Date	CUSIP*	Interest Rate
$180,000	October 1, 2007	393685 AM4	5.25%
$190,000	October 1, 2008	393685 AN2	5.30%
$200,000	October 1, 2009	393685 AP7	5.40%
$210,000	October 1, 2010	393685 AQ5	5.50%
$225,000	October 1, 2011	393685 AR3	5.60%

$970,000 5.85% Term Bonds due October 1, 2015, 393685 AS1
$1,275,000 5.625 Term Bonds due October 1, 2019, 393685 AT9

On or before December 1, 2006, all Series 1996 Bonds outstanding as of the Redemption Date are to be surrendered to:

BY MAIL:
The Bank of New York
P.O. Box 396
East Syracuse, NY 13057
Attention: Bond Redemption Unit

HAND DELIVERY/OVERNIGHT MAIL:
The Bank of New York
111 Sanders Creek Parkway
East Syracuse, NY 13057
Attention: Bond Redemption Unit

for payment of the Redemption Price thereof (which Redemption Price is equal to the principal amount of each of the Series 1996 Bonds to be redeemed, plus a premium of 2% of the principal amount of each of the Series 1996 Bonds to be redeemed) and interest accrued thereon to the Redemption Date.

There is anticipated to be deposited with the West Virginia Municipal Bond Commission and transferred to The Bank of New York (successor to One Valley Bank, National Association, corporate trust services) as Paying Agent and Registrar for the Series 1996 Bonds, an amount sufficient to pay, on the Redemption Date, the Redemption Price of the Series 1996 Bonds, the interest accrued thereon. On the Redemption Date, interest will cease to accrue on all Series 1996 Bonds.

In accordance with the terms of the Interest and Dividend Tax Compliance Act of 1983, payers are required to withhold 28% of payment upon redemption to certain bondholders who do not provide a correctly completed Form W-9 entitled "Payer's Request for Taxpayers Identification Number." If you need a copy of the Form W-9, you should be able to obtain one at your local bank or IRS service center. Please return a correctly completed Form W-9 to the address above with your Series 1996 Bonds to avoid any such withholding penalties.

GREENBRIER PUBLIC SERVICE
DISTRICT NO. 1

By: /s/ Daniel Withrow
Its: Chairman

THE BANK OF NEW YORK (Successor to One Valley Bank, National Association, corporate trust services), as Paying Agent and Registrar

By: /s/ Thomas A. Vlakahis
Its: Authorized Officer

Dated: October 31, 2006

* No representation is made as to the correctness of the CUSIP numbers as printed on the Series 1996 Bonds or as contained in this notice of redemption.

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$3,185,000

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2006

PREPAYMENT AGREEMENT FOR SERIES 1996 BONDS

This PREPAYMENT AGREEMENT (the "Agreement"), made and entered into as of November 15, 2006, by and between GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (the "Issuer"), the WEST VIRGINIA MUNICIPAL BOND COMMISSION (the "Commission") and THE BANK OF NEW YORK (successor to One Valley Bank, National Association, corporate trust services) (the "Bank").

WITNESETH THAT:

WHEREAS, the Issuer presently owns and operates a public sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of several series of bonds;

WHEREAS, the Issuer has determined that substantial debt service savings can be obtained through the current refunding of its Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, originally issued in the aggregate principal amount of $4,420,000, of which approximately $3,250,000 is presently outstanding (the "Series 1996 Bonds");

WHEREAS, the Issuer has determined to issue its Sewer Refunding Revenue Bonds, Series 2006 (the "Series 2006 Bonds"), pursuant to a bond resolution adopted on October 20, 2006, as supplemented (collectively, the "2006 Resolution"), and contemporaneously therewith, prepay and defease the Series 1996 Bonds by depositing a portion of the proceeds of the Series 2006 Bonds with the Bank; and

WHEREAS, the proceeds of the Series 2006 Bonds which will be delivered to the Commission simultaneously with the delivery of the Series 2006 Bonds, along with funds currently on deposit in the Series 1996 Bonds Sinking Fund, including the Reserve Account therein, held by the Commission, are in such amounts as to insure the payment on December 1, 2006 (the "Redemption Date"), of the entire principal amount of the Series 1996 Bonds then outstanding, the redemption premium and all interest accrued thereon (collectively, the "Redemption Price");

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and in order further to secure payment of the Series 1996 Bonds, as heretofore provided, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives, successors and assigns, as follows:

1. The deposit of the proceeds of the Series 2006 Bonds with the Commission shall constitute an irrevocable deposit of such moneys in trust for, and such moneys shall be deposited to the Series 1996 Sinking Fund and applied to the payment of the Redemption Price of the Series 1996 Bonds on December 1, 2006 (the "Redemption Date").

2. Concurrently with the delivery of the Series 2006 Bonds, the Issuer shall wire proceeds of the Series 2006 Bonds in the amount of $2,726,146.84 to the Commission. This deposit, along with the existing balance of $246,961.15 in the Series 1996 Bonds Sinking Fund and $372,380.97 in the Series 1996 Bonds Reserve Fund held by the Commission (for a total of $3,345,488.96) will be sufficient to pay the Redemption Price of the Series 1996 Bonds on the Redemption Date.

3. The Commission, on November 17, 2006, will wire the $3,345,488.96 to the Bank, as Paying Agent for the Series 1996 Bonds, to be held in the Escrow Account established by the Bank and the Bank shall apply the moneys to the payment in full on December 1, 2006, of the Redemption Price of the Series 1996 Bonds.

4. The District has requested the Bank, as Registrar of the Series 1996 Bonds, to provide a notice of redemption by registered or certified mail to the registered owners of the Series 1996 Bonds and any bond insurer of the Series 1996 Bonds not more than 60 days nor less than 30 days prior to the Redemption Date, in accordance with the requirements of the 1996 Resolution.

5. The holders of the Series 1996 Bonds shall have an express lien on all moneys and assets in the Series 1996 D Bonds Sinking Fund and then the Escrow Account held by the Bank until paid out, used and applied in accordance with this Agreement.

6. This Agreement shall terminate on the date on which all the Outstanding Series 1996 Bonds have been redeemed, paid in full and discharged. Upon termination of this Agreement, any moneys remaining at the Bank, if any, after payment of administrative fees shall be transferred to the Issuer.

7. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

8. This Agreement is made in the State of West Virginia under the Constitution and laws of such State and is to be so construed.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Executive Director

THE BANK OF NEW YORK

By: _____
Its: Authorized Officer

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

WEST VIRGINIA MUNICIPAL BOND COMMISSION

By: _____
Its: Executive Director

THE BANK OF NEW YORK

By: _____
Its: Authorized Officer

10.27.06
352810.00001

$3,185,000

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2006

RECEIPT AND RELEASE

The undersigned, authorized representative of the West Virginia Municipal Bond Commission (the "Commission") hereby certifies as follows:

On the 15th day of November, 2006, the Commission received the sum of $2,726,146.84 from the proceeds of the above-referenced bonds issued by Greenbrier Public Service District No. 1 (the "District") and such amount, along with the amount of $246,961.15 currently held in the Series 1996 Bonds Sinking Fund and $372,380.97 currently held in the Series 1996 Bonds Reserve Account (for a total of $3,345,488.96) is sufficient to pay the entire outstanding principal of and all accrued interest on the Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, originally issued in the aggregate principal amount of $4,420,000, of which approximately $3,345,488.96 is presently outstanding, to the date hereof and discharge the liens, pledges and encumbrances securing such Bonds.

WITNESS my signature on this 15th day of November, 2006.

WEST VIRGINIA MUNICIPAL BOND
COMMISSION

By: _____
Its: Executive Director

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November 15, 2006

Greenbrier Public Service District No. 1
Lewisburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Jackson Kelly PLLC
Charleston, West Virginia

Bank of New York
West Patterson, New York

RE: $3,185,000 Greenbrier Public Service District No. 1 (West Virginia), Sewer Refunding Revenue Bonds, Series 2006

Ladies and Gentlemen:

We have been provided certain schedules relating to the issuance of the above captioned bond issue (the "Series 2006 Bonds"), prepared on behalf of Greenbrier Public Service District No. 1, Lewisburg, West Virginia (the "Issuer") and provided to us by Crews & Associates, Inc. (the "Underwriter"). The Series 2006 Bonds are being issued to refund the Issuer's Sewer Refunding Revenue Bonds, Series 1996, issued in the original aggregate principal amount of $4,420,000 (the "Prior Bonds"). The refunding of the Prior Bonds will occur on December 1, 2006, assuming compliance with the provisions and requirements of the Bond Resolution of the Issuer dated October 20, 2006, as amended.

We have verified the mathematical accuracy of the calculations provided to us that reflect:

1) the anticipated receipts of $2,726,146.84 from the Underwriter which will be deposited with the Paying Agent, together with funds on deposit with the Paying Agent in the amount of $619,342.12 (for a total of $3,345,488.96), are sufficient to pay: a) the interest accrued on the Prior Bonds on December 1, 2006, b) the outstanding principal of the Prior Bonds on December 1, 2006; and c) the prepayment penalty for the Prior Bonds as of December 1, 2006.

Michael D. Griffith, CPA
michaelgriffithcpa@verizon.net
950 Little Coal River Road Alum Creek, WV 25003
Phone: (304) 756.3600 Facsimile: (304) 756.2911

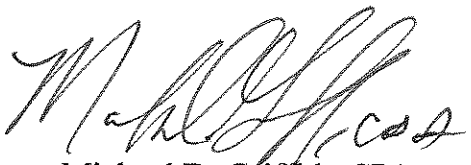
2) The Series 2006 Bonds show a net present value debt service savings to the Issuer after deducting all expenses of refunding the Prior Bonds and the costs of issuing the Series 2006 Bonds.

The terms of our engagement are such that we have no obligation to update this report because of events occurring, or other information coming to our attention subsequent to the date of this report.

This report is intended solely for the information and use of the parties to which this report is addressed and is not intended to be and should not be used by anyone other than those specified parties.

This report is not to be referred to or quoted without our prior written consent, except that reference thereto may be made in the closing documents and opinions of Counsel relating to this transaction.

Truly Yours,



Michael D. Griffith, CPA
Griffith & Associates

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

SEWER REFUNDING REVENUE BONDS, SERIES 1996

BOND RESOLUTION

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GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (WEST VIRGINIA)

A RESOLUTION AUTHORIZING THE REFUNDING OF THE SEWER REVENUE BONDS, SERIES A, AND SEWER REVENUE BONDS, SERIES 1983 A, OF GREENBRIER PUBLIC SERVICE DISTRICT NO. 1; THE ISSUANCE OF SEWER REFUNDING REVENUE BONDS, SERIES 1996, OF THE DISTRICT IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT MORE THAN $4,800,000, THE PROCEEDS OF WHICH, TOGETHER WITH OTHER FUNDS OF THE DISTRICT, SHALL BE EXPENDED FOR SUCH REFUNDING AND TO PAY COSTS IN CONNECTION THEREWITH; PROVIDING FOR THE RIGHTS AND REMEDIES OF, AND THE SECURITY FOR, THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT, A CONTINUING DISCLOSURE AGREEMENT AND OTHER DOCUMENTS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS WITH RESPECT TO SUCH BONDS.

WHEREAS, Greenbrier Public Service District No. 1 (the "Issuer") presently owns and operates a public sewerage system (the "System") and has heretofore financed the acquisition and construction of the System and certain additions, extensions and improvements thereto by issuance of several series of bonds, of which there are presently outstanding the Sewer Revenue Bonds, Series A, dated May 1, 1972, originally issued in the aggregate principal amount of $670,000, of which $455,000 is presently outstanding (the "Series 1972 Bonds"), the Sewer Revenue Bonds, Series 1983 A, dated June 23, 1983, originally issued in the aggregate principal amount of $2,950,000, of which $2,805,000 is presently outstanding (the "Series 1983 A Bonds"), and the Sewer Revenue Bonds, Series 1983 B, dated June 23, 1983, originally issued in the aggregate principal amount of $910,000, of which $590,270 is presently outstanding (the "Series 1983 B Bonds) (the Series 1972 Bonds and the Series 1983 A Bonds are collectively called the "Prior Bonds");

WHEREAS, the Series 1972 Bonds were issued pursuant to a resolution adopted by the Issuer on October 7, 1975 (the "1972 Resolution");

WHEREAS, the Series 1983 A Bonds and the Series 1983 B Bonds were issued pursuant to a resolution adopted by the Issuer on August 15, 1980, as amended and supplemented by a resolution adopted by the Issuer on June 21, 1983 (such resolution, as

so amended and supplemented, herein collectively called the "1983 Resolution") (the 1972 Resolution and the 1983 Resolution are collectively called the "Prior Resolution");

WHEREAS, under the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), the Issuer is authorized and empowered to issue refunding revenue bonds for the purpose of retiring or refinancing all or any part of the outstanding Prior Bonds;

WHEREAS, the Issuer is advised that present value debt service savings will be realized as a result of the refunding of the Prior Bonds;

WHEREAS, the Issuer has determined and hereby determines that it would therefore be to the benefit of the Issuer and its residents to refund the Prior Bonds and to redeem the Prior Bonds on the Redemption Date (hereinafter defined), in the manner set forth herein with proceeds of the issuance of a series of bonds to be designated "Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 1996" (the "Series 1996 Bonds"), in the maximum aggregate principal amount of not more than $4,800,000, and other moneys of the Issuer, such Series 1996 Bonds to be secured by and payable from the Net Revenues (as hereinafter defined) of the System, on a parity with the Series 1983 B Bonds which shall not be refunded hereby and will remain outstanding, and containing such other terms and provisions as are hereinafter provided;

WHEREAS, the Issuer now desires to authorize the refunding of the Prior Bonds as aforesaid, and to provide for the financing thereof by the issuance of the Series 1996 Bonds as hereinafter provided;

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GREENBRIER PUBLIC SERVICE DISTRICT NO. 1:

ARTICLE I

DEFINITIONS; STATUTORY AUTHORITY; FINDINGS

Section 1.01. Definitions. All capitalized terms used in this Resolution and not otherwise defined in the recitals hereto shall have the meanings specified below, unless the context expressly requires otherwise:

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 1996 Bonds.

"Authority" means the West Virginia Water Development Authority, the original purchaser of the Series 1983 A Bonds and Series 1983 B Bonds, or its successor.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal Bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson, Clarksburg, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Insurer" means any entity which shall insure all or any portion of the payment of principal of and interest on any of the Series 1996 Bonds, and in the event the Series 1996 Bonds are insured, shall initially mean the Bond Insurer set forth in the Supplemental Resolution.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"Bonds" means, collectively, the Series 1996 Bonds, the Series 1983 B Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 1996 Bonds, in substantially the form set forth in EXHIBIT A hereto.

"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 1996 Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant hereto, including, without limitation, the costs of refunding the Prior Bonds (which amount shall reflect the Authority's determination of the Redemption Price of the Prior Bonds), interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 1996 Bonds and the refunding of the Prior Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 hereof.

"Debt Service," with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC-eligible" means, with respect to the Series 1996 Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Escrow Agent" means the escrow agent under the Escrow Agreement, which shall be appointed pursuant to a resolution supplemental hereto.

"Escrow Agreement" means the agreement to be entered into between the Issuer and the Escrow Agent, providing for the defeasance and ultimate payment of the Prior Bonds, the deposit therein of proceeds of the Series 1996 Bonds, the disposition of moneys in the various funds and accounts of the Prior Bonds under the Prior Resolution and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Escrow Fund" means the Escrow Fund established pursuant to the Escrow Agreement.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

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

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

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of ownership of proportionate interests in future interest and principal payments of such obligations; provided that, investments in such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a

special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Gross Revenues" means all rates, rents, fees, charges or other income (including, without limitation, sale proceeds) received by or accrued to the Issuer from the operation of the System, as calculated in accordance with generally accepted accounting principles.

"Independent 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 purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means Greenbrier Public Service District No. 1, a public service district and public corporation and political subdivision of the State of West Virginia, in Greenbrier County of said State, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Municipal Bond Insurance Policy" means any municipal bond insurance policy issued by a Bond Insurer simultaneously with the delivery of the Series 1996 Bonds, insuring the payment of the principal of and interest on all or any of the Series 1996 Bonds in accordance with the terms thereof or any other bond insurance policy which may be issued on behalf of the Issuer to insure payment of the principal of and interest on all or any subsequent series of Bonds.

"Net Proceeds" means the face amount of the Series 1996 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 1996 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 1996 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.

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 1996 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1996 Bonds.

"Operating Expenses" means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and

supplies used for current operations, administrative expenses of the Issuer relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

"Original Purchaser" means Ferris, Baker Watts, Incorporated, Baltimore, Maryland, as the purchasers of the Series 1996 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 1996 Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 1996 Bonds directly from the Issuer, as determined by a resolution supplemental hereto; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 1996 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 1996 Bonds.

"Outstanding," when used with reference to the Series 1996 Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under this Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent" means the Registrar or other entity designated as such for the Series 1996 Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 hereof.

"Prior Bonds" shall have the meaning set forth in the recitals hereto.

"Prior Resolution" shall have the meaning set forth in the recitals hereto.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchase Price," for the purpose of computation of the Yield of the Series 1996 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 1996 Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 1996 Bonds of each maturity is sold or, if the Series 1996 Bonds are privately placed, the price paid by the first buyer of the Series 1996 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 1996 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 1996 Bonds.

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

A. Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

B. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

1. U.S. Export-Import Bank (Eximbank)
   Direct obligations or fully guaranteed certificates of beneficial ownership

2. Farmers Home Administration (FmHA)
   Certificates of beneficial ownership

3. Federal Financing Bank

4. Federal Housing Administration Debentures (FHA)

5. General Services Administration
   Participation certificates

6. Government National Mortgage Association (GNMA or "Ginnie Mae")
   GNMA - guaranteed mortgage-backed bonds

GNMA - guaranteed pass-through obligations
(not acceptable for certain cash-flow sensitive issues.)

7. U.S. Maritime Administration
Guaranteed Title XI financing

8. U.S. Department of Housing and Urban Development (HUD)
Project Notes
Local Authority Bonds
New Communities Debentures - U.S. government guaranteed debentures
U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

C. Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

1. Federal Home Loan Bank System
Senior debt obligations

2. Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
Participation Certificates
Senior debt obligations

3. Federal National Mortgage Association (FNMA or "Fannie Mae")
Mortgage-backed securities and senior debt obligations

4. Student Loan Marketing Association (SLMA or "Sallie Mae")
Senior debt obligations

5. Resolution Funding Corp. (REFCORP) obligations

6. Farm Credit System
Consolidated systemwide bonds and notes

D. Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by S&P of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or Aa2.

E. Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, saving and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral.

F. Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF.

G. Investment Agreements, including GIC's, acceptable to MBIA (Investment Agreement criteria is available upon request).

H. Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by S&P.

I. Bonds or notes issued by any state or municipality which are rated by Moody's and S&P in one of the two highest rating categories assigned by such agencies.

J. Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by S&P.

K. Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

Repurchase Agreements must satisfy the following criteria or be approved by MBIA.

1. <u>Repos must be between the municipal entity and a dealer bank or securities firm</u>

   a. <u>Primary dealers</u> on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's Corporation and Moody's Investor Services, or

   b. <u>Banks</u> rated "A" or above by Standard & Poor's Corporation and Moody's Investor Services.

2. The written repo contract must include the following:

   a. Securities which are acceptable for transfer are:

      (1) Direct U.S. governments, or

      (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)

   b. The term of the repo may be up to 30 days

   c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).

   d. Valuation of Collateral

      (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

         (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

   a. Repo meets guidelines under state law for legal investment of public funds.

L. Any state administered pool investment fund in which the Issuer is statutorily permitted or required to invest will be deemed a permitted investment.

"Record Date" means the day of the month which shall be so stated in the Series 1996 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of the Prior Bonds, the Series 1996 Bonds, or any other Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which the Series 1996 Bonds, the Prior Bonds or any other Bonds of the Issuer may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 1996 Bonds, and any successor thereto appointed in accordance with Section 8.08 hereof.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954.

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

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

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

"Series 1972 Bonds" shall have the meaning set forth in the recitals hereto.

"Series 1983 A Bonds" shall have the meaning set forth in the recitals hereto.

"Series 1983 B Bonds" shall have the meaning set forth in the recitals hereto.

"Series 1983 B Bonds Sinking Fund" means the Series 1983 B Bonds Sinking Fund established pursuant to the 1983 Resolution.

"Series 1996 Bonds" means the Sewer Refunding Revenue Bonds, Series 1996, of the Issuer, originally authorized to be issued pursuant to this Resolution and the Supplemental Resolution.

"Series 1996 Bonds Redemption Account" means the Series 1996 Bonds Redemption Account established in the Series 1996 Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1996 Bonds Reserve Account" means the Series 1996 Bonds Reserve Account established in the Series 1996 Bonds Sinking Fund pursuant to Section 4.02 hereof.

"Series 1996 Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1996 Bonds in any year.

"Series 1996 Bonds Sinking Fund" means the Series 1996 Bonds Sinking Fund established pursuant to Section 4.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory hereof or supplemental hereto and, when preceded by the article "the," refers specifically to the Supplemental Resolution to be adopted by the Issuer following adoption of this Resolution, setting forth the final amounts, maturities, interest rates and other terms of the Series 1996 Bonds and authorizing the sale of the Series 1996 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" means, collectively, the complete public service properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include any additions, betterments, improvements or extensions thereto hereafter acquired or constructed 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.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 hereof.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations and vice versa; and words importing the masculine gender shall include the feminine and neuter genders and vice versa; and any requirement for execution or attestation of the Bond or any certificate or other document by the Chairman or the Secretary shall mean that such Bond, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

Additional terms and phrases are defined in this Resolution as they are used. Accounting terms not specifically defined herein shall be given meaning in accordance with generally accepted accounting principles.

The terms "herein," "hereunder," "hereby," "hereto," "hereof" and any similar terms refer to this Resolution; and the term "hereafter" means after the date of adoption of this Resolution.

Articles, sections and subsections mentioned by number only are the respective articles, sections and subsections of this Resolution so numbered.

Section 1.02. Authority for this Resolution. This Resolution is adopted pursuant to the provisions of the Act and other applicable provisions of law.

Section 1.03. Findings. The Governing Body hereby finds and determines as follows:

A. The Issuer is a public service district and public corporation and political subdivision of the State of West Virginia, in Greenbrier County of said State.

B. The Issuer now owns and operates the System, the acquisition and construction of which has been financed in part by the proceeds of the Prior Bonds and the Series 1983 B Bonds.

C. The Issuer derives revenues from the System which are pledged for payment of the Prior Bonds and the Series 1983 B Bonds. Except for such pledge thereof to secure and pay the Prior Bonds and Series 1983 B Bonds, said revenues are not pledged or encumbered in any manner.

D. The Issuer intends to refund the Prior Bonds in their entirety with proceeds of the Series 1996 Bonds and other funds of the Issuer, to issue the Series 1996 Bonds and to pledge the Net Revenues of the System for payment thereof on a parity with the Series 1983 B Bonds, which shall not be refunded and shall remain outstanding. The Issuer shall, prior to the issuance of the Series 1996 Bonds, obtain the written waiver of the Authority of any requirements imposed by the Series 1983 B Bonds or the 1983 Resolution, regarding the issuance of parity bonds not met by the Series 1996 Bonds and this Resolution and the written consent of the Authority to the issuance of the Series 1996 Bonds on a parity as to liens, pledge and source of and security for payment, and in all respects with the Series 1983 B Bonds and to the amendments made to the 1983 Resolution by this Resolution.

E. The estimated revenues to be derived in each year after the date hereof from the operation of the System will be sufficient, upon refunding and defeasance of the Prior Bonds, to provide for the repair, maintenance and operation of the System, the

payment of principal of and interest on the Bonds and to make all other payments provided for in this Resolution.

F. Based upon the assumed principal amount, maturity schedule and interest rates for the Series 1996 Bonds presented to the Issuer by the Original Purchaser, and after making allowance for the use of cash on hand of the Issuer, the Series 1996 Bonds show a net present value debt service savings to the Issuer after deducting all expenses of the refunding and the costs of issuing the Series 1996 Bonds.

G. The Issuer shall not sell the Series 1996 Bonds without setting forth in the Supplemental Resolution the determination set forth in paragraph F above, based upon the actual principal amount, maturity schedule and interest rates for the Series 1996 Bonds, and the Issuer shall not issue the Series 1996 Bonds without having obtained from an independent certified public accountant or firm of independent certified public accountants, a certification that the amount of savings stated to be achieved by the refunding shall in fact be saved, based upon their review, comparison and analysis of the net interest cost in dollars of the Series 1996 Bonds and the net interest cost in dollars of the Prior Bonds.

H. Subject to the determination and certification required by paragraph G above, it is in the best interests of the Issuer, and the residents thereof, that the Issuer issue the Series 1996 Bonds and secure the Series 1996 Bonds by a pledge and assignment of the Net Revenues derived from the operation of the System, the moneys in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account, unexpended proceeds of the Series 1996 Bonds and as further set forth herein.

I. The Issuer has complied with all requirements of West Virginia law relating to authorization of the ownership and operation of the System and issuance of the Series 1996 Bonds or will have so complied prior to issuance of any thereof.

J. The Series 1996 Bonds and the Certificate of Authentication and Registration to be endorsed thereon are to be in substantially the forms set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with necessary and appropriate variations, omissions and insertions as permitted or required by this Resolution or a Supplemental Resolution or as deemed necessary by the Registrar or the Issuer.

K. All things necessary to make the Series 1996 Bonds, when authenticated by the Registrar and issued as in this Resolution provided, the valid, binding and legal special obligations of the Issuer according to the import thereof, and to validly pledge and assign those funds pledged hereby to the payment of the principal of and interest on the Series 1996 Bonds, will be timely done and duly performed.

L. The adoption of this Resolution, and the execution and issuance of the Series 1996 Bonds, subject to the terms thereof, will not result in any breach of, or

constitute a default under, any instrument to which the Issuer is a party or by which it may be bound or affected.

Section 1.04. Resolution Constitutes Contract. In consideration of the acceptance of the Series 1996 Bonds by those who shall own or hold the same from time to time, this Resolution 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 such Bondholders of any and all of such Series 1996 Bonds, all of which shall be of equal rank and without preference, priority or distinction between any one Bond and any other Bond, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

ARTICLE II

AUTHORIZATION OF REFUNDING

Section 2.01. Authorization of Refunding. All Prior Bonds Outstanding as of the date of issuance of the Series 1996 Bonds in the aggregate principal amount of $3,260,000, are hereby ordered to be refunded pursuant to the terms of the Escrow Agreement, and the pledge of Net Revenues in favor of the Holders of such refunded Prior Bonds imposed by the Prior Resolution, the moneys in the funds and accounts created by the Prior Resolution pledged to payment of the Prior Bonds, and any other funds pledged by the Prior Resolution to payment of the Prior Bonds are hereby ordered terminated, discharged and released upon the payment into the Escrow Fund from the proceeds of the Series 1996 Bonds and from other moneys available therefor, of the following: (a) if required by the Escrow Agreement, an amount equal to the fiscal and paying agent charges and the Escrow Agent charges to become due and payable in connection with the Prior Bonds; (b) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of and interest on the Series 1972 Bonds as the same become due, to the first permitted Redemption Date thereof, being November 1, 1996, and on such Redemption Date to pay the Redemption Price of the Series 1972 Bonds; and (c) an amount which will be simultaneously invested in Government Obligations bearing interest and having maturities sufficient, together with certain cash which may also be deposited, to provide for the payment of the principal of and interest on the Series 1983 A Bonds as the same become due, plus the premium, if any, to the first permitted Redemption Date thereof, being October 1, 2001, and on such Redemption Date to pay the Redemption Price of the Series 1983 A Bonds, all as set forth in the Escrow Agreement. Contemporaneously with the deposit of the proceeds of the Series 1996 Bonds and other moneys into the Escrow Fund, the amounts on deposit in the respective sinking funds, including the reserve accounts therein, created and maintained on behalf of the Prior Bonds shall be released from the lien created by the Prior Resolution and deposited in the Escrow Fund, the Series 1996 Bonds Reserve Account or such other fund or account as shall be set forth in the Escrow Agreement or in the Supplemental Resolution and invested as provided therein.

ARTICLE III

THE BONDS

Section 3.01. Form and Payment of Bonds. No Bond shall be issued pursuant to this Resolution except as provided in this Article III. Any Bonds issued pursuant to this Resolution after the issuance of the Series 1996 Bonds, as hereinafter provided, may be issued only as fully registered Bonds without coupons, in the denomination of $5,000 or any integral multiple thereof for any year of maturity. All Bonds shall be dated as of the date provided in a Supplemental Resolution applicable to such series. Bonds shall bear interest from the interest payment date next preceding the date of authentication or, if authenticated after the Record Date but prior to the applicable interest payment date or on such interest payment date, from such interest payment date or, if no interest on such Bonds has been paid, from the date thereof; provided however, that, if, as shown by the records of the Registrar, interest on such Bonds shall be in default, Bonds issued in exchange for Bonds surrendered for transfer or exchange shall bear interest from the date to which interest has been paid in full on the initial Bonds surrendered.

The principal of and the premium; if any, on the Bonds shall be payable in any coin or currency which, on the respective date of such payment, is legal tender for the payment of public and private debts under the laws of the United States of America upon surrender at the principal office of the Paying Agent. Interest on the Bonds shall be paid by check or draft made payable and mailed to the Holder thereof at his address as it appears in the Bond Register at the close of business on the Record Date, or, if requested, in the case of a Registered Owner of $500,000 or more of the Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to such interest payment date by such Registered Owner.

In the event any Bond is redeemed in part, such bond shall be surrendered to and canceled by the Registrar, and the Issuer shall execute, and the Registrar shall authenticate and deliver to the Holder thereof, another Bond in the principal amount of said Bond then Outstanding.

Section 3.02. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, by his or her manual or facsimile signature, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary by his or her manual or facsimile signature; provided, that, all such signatures and the seal may be by facsimile. In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the 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 3.03. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Resolution unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in EXHIBIT A attached hereto and incorporated herein by reference with respect to the Series 1996 Bonds, shall have been duly manually executed by the Registrar. Any such manually executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Resolution. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Registrar if signed by an authorized officer of the 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 3.04. Negotiability and Registration. Subject to the requirements for transfer set forth below, the Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the Uniform Commercial Code of the State, and each successive Holder, in accepting any of said 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, 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 any of the Bonds remains Outstanding, the Registrar shall keep and maintain books for the registration and transfer of the Bonds. Bonds shall be transferable only by transfer of registration upon the Bond Register by the registered owner thereof in person or by his attorney or legal representative duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered owner or such duly authorized attorney or legal representative. Upon transfer of a Bond, there shall be issued at the option of the Holder or the transferee another Bond or Bonds of the aggregate principal amount equal to the unpaid amount of the transferred Bond and of the same series, interest rate and maturity of said transferred Bond.

Upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar and duly executed by the registered owner or his attorney or legal representative duly authorized in writing, Bonds may at the option of the Holder thereof be exchanged for an equal aggregate principal amount of Bonds of the same series, maturity and interest rate, in any authorized denominations.

In all cases in which the privilege of transferring or exchanging a Bond is exercised, Bonds shall be delivered in accordance with the provisions of this Ordinance. All Bonds surrendered in any such transfer or exchange shall forthwith be canceled by the

Registrar. Transfers of Bonds, the initial exchange of Bonds and exchanges of Bonds in the event of partial redemption of fully registered Bonds shall be made by the Registrar without charge to the Holder or the transferee thereof, except as provided below. For other exchanges of Bonds, the Registrar may impose a service charge. For every such transfer or exchange of bonds, the Registrar may make a charge sufficient to reimburse its office for any tax or other governmental charge required to be paid with respect to such transfer or exchange, and such tax or governmental charge, and such service charge for exchange other than the initial exchange or in the event of partial redemption, shall be paid by the person requesting such transfer or exchange as a condition precedent to the exercise of the privilege of making such transfer or exchange. The Registrar shall not be obliged to make any such transfer or exchange of Bonds that have been called for redemption.

Section 3.05. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may execute, in its discretion, and the Registrar shall authenticate, register and deliver any new Bond of like series, maturity and principal amount as the Bond, so mutilated, destroyed, stolen or lost, in exchange and 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 the Issuer and the Registrar proof of his ownership thereof and that said Bond has been destroyed, stolen or lost and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar may prescribe and paying such expenses as the Issuer or the Registrar may incur. The name of the Bondholder listed in the Bond Register shall constitute proof of ownership. All Bonds so surrendered shall be submitted to and canceled by the Registrar, and evidence of such cancellation shall be given to the Issuer. If such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer, by and through the Registrar, may pay the same, upon being indemnified as aforesaid, and, if such Bond be lost, stolen or destroyed, without surrender therefor.

Any such duplicate Bonds issued pursuant to this section shall constitute original, additional contractual obligations on the part of the Issuer, whether or not the lost, stolen or destroyed Bonds be at any time found by any one, and such duplicate Bonds shall be entitled to equal and proportionate benefits and rights as to lien and source of and security for payment from the Revenues pledged herein with all other Bonds issued hereunder.

Section 3.06. Term Bonds. In the event Term Bonds are issued pursuant to this Resolution, the following provisions shall apply:

A. The amounts to be deposited, apportioned and set apart by the Issuer from the Revenue Fund and into the Series 1996 Bonds Redemption Account in accordance with Subsection 4.03A(2) shall include (after credit as provided below) on the first of each month, beginning on the first day of that month which is 12 months prior to the first mandatory Redemption Date of said Term Bonds, a sum equal to 1/12th of the amount

required to redeem the principal amount of such Term Bonds which are to be redeemed as of the next ensuing mandatory Redemption Date, which amounts and dates, if any, with respect to a series of Bonds shall be set forth in the Supplemental Resolution relating thereto.

B. At its option, to be exercised on or before the 60th day next preceding any such mandatory Redemption Date, the Issuer may (a) deliver to the Registrar for cancellation such Term Bonds in any aggregate principal amount desired or (b) receive a credit in respect of its mandatory redemption obligation for any such Term Bonds which prior to said date have been redeemed (otherwise than pursuant to this section) and canceled by the Registrar and not theretofore applied as a credit against any such mandatory redemption obligation. Each Term Bond so delivered or previously redeemed shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and Term Bonds delivered in excess of such mandatory redemption obligation shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

C. The Issuer shall on or before the 60th day next preceding each mandatory Redemption Date furnish the Registrar and the Bond Commission with its certificate indicating whether and to what extent the provisions of (a) and (b) of the preceding paragraph are to be utilized with respect to such mandatory redemption payment and stating, in the case of the credit provided for in (b) of the preceding paragraph, that such credit has not theretofore been applied against any mandatory redemption obligation.

D. After said 60th day but prior to the date on which the Registrar selects the Term Bonds to be redeemed, the Bond Commission may use the moneys in the Series 1996 Bonds Redemption Account to purchase Term Bonds at a price less than the par value thereof and accrued interest thereon. The Bond Commission shall advise the Issuer and the Registrar of any Term Bonds so purchased, and they shall be credited by the Registrar at 100% of the principal amount thereof against the obligation of the Issuer on such mandatory Redemption Date, and any excess shall be credited against future mandatory redemption obligations in the order directed by the Issuer, and the principal amount of such Term Bonds to be redeemed pursuant to mandatory sinking fund redemption shall be accordingly reduced.

E. The Registrar shall call for redemption, in the manner provided herein, an aggregate principal amount of such Term Bonds, at the principal amount thereof plus interest accrued to the Redemption Date (interest to be paid from the Series 1996 Bonds Sinking Fund), as will exhaust as nearly as practicable such Series 1996 Bonds Redemption Account payment designated to be made in accordance with paragraph (A) of this section. Such redemption shall be by random selection made on the 45th day preceding the mandatory Redemption Date, in such manner as may be determined by the Registrar. For

purposes of this section, "Term Bonds" shall include any portion of a fully registered Term Bond, in integrals of $5,000.

Section 3.07. Notice of Redemption. Unless waived by any Holder of the Bonds to be redeemed, official notice of any redemption shall be given by the Registrar on behalf of the Issuer by mailing a copy of an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the applicable Bond Insurer, the Original Purchaser and the registered owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such registered owner to the Bond Registrar.

So long as DTC (as CEDE & CO.) is the registered Owner of the Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 1996 Bonds shall also be sent to registered securities depositories and to *Standard & Poor's Called Bond Record*.

All official notices of redemption shall be dated and shall state:

(1) The Redemption Date,

(2) The Redemption Price,

(3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Bonds to be redeemed,

(4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,

(5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and

(6) Such other information, if any, as shall be required for DTC-eligible Bonds.

If funds sufficient to redeem all Bonds called for optional redemption have not been deposited with the Paying Agent at the time of mailing any notice of optional redemption, such notice shall also state that such optional redemption is subject to the deposit of such moneys with the Paying Agent on or before the Redemption Date. If such

moneys are not so deposited, the Registrar shall notify all holders of Bonds called for redemption of such fact.

Official notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar at the Redemption Price. Installments of interest due on or prior to the Redemption Date shall be payable as herein provided for payment of interest. Upon surrender for any partial redemption of any Bond, there shall be prepared for the registered owner a new Bond or Bonds of the same maturity in the amount of the unredeemed principal of such Bond. All Bonds which have been redeemed shall be canceled and destroyed by the Bond Registrar and shall not be reissued.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of Bonds, and failure to mail or otherwise send such notice shall not affect the validity of proceedings for the redemption of any portion of Bonds for which there was no such failure.

Section 3.08. Persons Treated as Owners. The Issuer, the Registrar and any agent of the Issuer or the Registrar may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of the principal of, and interest on, such Bond and for all other purposes, whether or not such Bond is overdue.

Section 3.09. Temporary Bonds. Until Bonds of any series in definitive form are ready for delivery, the Issuer may execute and the Registrar shall authenticate, register, if applicable, and deliver, subject to the same provisions, limitations and conditions set forth in this Article III, one or more printed, lithographed or typewritten Bonds in temporary form, substantially in the form of the definitive Bonds of such series, with appropriate omissions, variations and insertions, and in authorized denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the lien and benefit created under this Resolution. Upon the presentation and surrender of any Bond or Bonds in temporary form, the Issuer shall, without unreasonable delay, prepare, execute and deliver to the Registrar, and the Registrar shall authenticate, register, if applicable, and deliver, in exchange therefor, a Bond or Bonds in definitive form. Such exchange shall be made by the Registrar without making any charge therefor to the Holder of such Bond in temporary form.

Section 3.10. Authorization of Bonds. For the purposes of paying a portion of the costs of refunding all of the Outstanding Prior Bonds of the Issuer, funding the Series 1996 Bonds Reserve Account and paying costs in connection therewith, there

shall be issued the Series 1996 Bonds of the Issuer, in an aggregate principal amount of not more than $4,800,000. Said Series 1996 Bonds shall be designated "Sewer Refunding Revenue Bonds, Series 1996" and shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof for any year of maturity, not exceeding the aggregate principal amount of Series 1996 Bonds maturing in the year of maturity for which the denomination is to be specified. The Series 1996 Bonds shall be numbered from R-1 consecutively upward. The Series 1996 Bonds shall be dated; shall be in such aggregate principal amount; shall bear interest at such rate or rates, not exceeding the then legally permissible rate, payable semiannually on such dates; shall mature on such dates and in such amounts; shall be subject to such mandatory and optional redemption provisions; and shall have such other terms, all as the Issuer shall prescribe herein and in the Supplemental Resolution.

Section 3.11. Book Entry System for Bonds. A. The Series 1996 Bonds shall initially be issued in the form of one fully-registered bond for the aggregate principal amount of the Series 1996 Bonds of each maturity, registered in the name of CEDE & CO., as nominee of DTC. Except as provided in paragraph E below, all of the Series 1996 Bonds shall be registered in the registration books kept by the Registrar in the name of CEDE & CO., as nominee of DTC; provided that if DTC shall request that the Series 1996 Bonds be registered in the name of a different nominee, the Registrar shall exchange all or any portion of the Series 1996 Bonds registered in the name of such nominee or nominees. No person other than DTC or its nominee shall be entitled to receive from the Issuer or the Registrar either a Series 1996 Bond or any other evidence of ownership of the Series 1996 Bonds, or any right to receive any payment in respect thereof unless DTC or its nominee shall transfer record ownership of all or any portion of the Series 1996 Bonds on the registration books maintained by the Registrar, in connection with discontinuing the book entry system as provided in paragraph E below.

B. At or prior to settlement for the Series 1996 Bonds, the Issuer and the Registrar shall execute or signify their approval of a representation letter addressed to DTC in a form satisfactory to DTC (the "Representation Letter"). Any successor Registrar shall, in its written acceptance of its duties under this Resolution, agree to take any actions necessary from time to time to comply with the requirements of the Representation Letter.

C. So long as the Series 1996 Bonds or any portion thereof are registered in the name of DTC or any nominee thereof, all payments of the principal or Redemption Price of or interest on such Series 1996 Bonds shall be made to DTC or its nominee at the addresses set forth in the Representation Letter in New York Clearing House or equivalent next day funds on the dates provided for such payments to be made to any Bondholder under this Resolution. Each such payment to DTC or its nominee shall be valid and effective to fully discharge all liability of the Issuer and the Registrar with respect to the principal or Redemption Price of or interest on the Series 1996 Bonds to the extent of the sum or sums so paid. In the event of the redemption of less than all of the Series 1996 Bonds Outstanding of any maturity, the Registrar shall not require surrender by DTC of the

Series 1996 Bonds so redeemed, but DTC may return such Series 1996 Bonds and make an appropriate notation on the Series 1996 Bond certificate as to the amount of such partial redemption; provided that DTC shall deliver to the Registrar, upon request, a written confirmation of such partial redemption. The records maintained by the Registrar shall be conclusive as to the amount of the Series 1996 Bonds of such maturity which have been redeemed.

D. The Issuer, the Paying Agent and the Registrar may treat DTC as the sole and exclusive owner of the Series 1996 Bonds registered in its name or the name of its nominee for the purposes of payment of the principal or Redemption Price of or interest on the Series 1996 Bonds, selecting the Series 1996 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondholders under this Resolution, registering the transfer of Series 1996 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever; and neither the Issuer nor the Registrar shall be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall have any responsibility or obligation to any direct or indirect participant in DTC, any person claiming a beneficial ownership interest in the Series 1996 Bonds under or through DTC or any such participant, or any other person which is not shown on the registration books of the Registrar as being a Bondholder with respect to (i) the Series 1996 Bonds, (ii) the accuracy of any records maintained by DTC or any such participant, (iii) the payment by DTC or any such participant of any amount in respect of the principal or Redemption Price of or interest on the Series 1996 Bonds, (iv) any notice which is permitted or required to be given to Bondholders under this Resolution, (v) the selection by DTC or any such participant of any person to receive payment in the event of a partial redemption of the Series 1996 Bonds or (vi) any consent given or other action taken by DTC as Bondholder.

E. The book entry system for registration of the ownership of the Series 1996 Bonds may be discontinued at any time if either: (i) DTC determines to resign as securities depository for the Series 1996 Bonds; or (ii) the Issuer determines that continuation of the system of book entry transfers through DTC (or through a successor securities depository) is not in the best interest of the beneficial owners of the Series 1996 Bonds. In either of such events (unless in the case described in clause (ii) above, the Issuer appoints a successor securities depository), the Series 1996 Bonds shall be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the Issuer or the Registrar for the accuracy of such designation. Whenever DTC requests the Issuer and the Registrar to do so, the Issuer and the Registrar shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Series 1996 Bonds.

Section 3.12. Delivery of Bonds. The Issuer shall execute and deliver the Series 1996 Bonds to the Registrar, and the Registrar shall authenticate, register and

deliver the Series 1996 Bonds to the Original Purchaser upon receipt of the documents set forth below:

(A) A list of the names in which the Series 1996 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Registrar may reasonably require;

(B) A request and authorization to the Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 1996 Bonds to the Original Purchaser;

(C) Copies of this Resolution and the Supplemental Resolution certified by the Secretary;

(D) The unqualified approving opinion upon the Series 1996 Bonds by Bond Counsel; and

(E) Such other documents, certifications and verifications as the Original Purchaser may reasonably require.

Section 3.13. Form of Bonds. The definitive Series 1996 Bonds shall be in substantially the form set forth in EXHIBIT A - BOND FORM attached hereto and incorporated herein by reference, with such necessary and appropriate omissions, insertions and variations as are approved by those officers executing such Series 1996 Bonds on behalf of the Issuer and execution thereof by such officers shall constitute conclusive evidence of such approval, and the definitive Series 1996 Bonds shall have the form of the opinion of Steptoe & Johnson, as Bond Counsel, attached thereto or printed on the reverse thereof.

Section 3.14. Disposition of Proceeds of Bonds. Upon the issuance and delivery of the Series 1996 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 1996 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 1996 Bonds Sinking Fund and applied to payment of interest on the Series 1996 Bonds at the first interest payment date.

B. The amount of the Series 1996 Bond proceeds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Prior Bonds (which amount shall be set forth in the Escrow Agreement) shall be deposited in the Escrow Fund.

C. The amount of Series 1996 Bond proceeds equal to the Series 1996 Bonds Reserve Requirement shall be remitted to the Bond Commission for deposit in the Series 1996 Bonds Reserve Account; provided that, to the extent the Series 1996 Bonds

Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Prior Bonds pursuant to the Prior Resolution, Series 1996 Bond proceeds shall be deposited in the Series 1996 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 1996 Bonds Reserve Requirement.

D. The balance of the proceeds of the Series 1996 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 1996 Bonds and miscellaneous costs of refunding the Prior Bonds at the written direction of the Issuer. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with this Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Series 1996 Bonds Redemption Account established in Section 4.02 hereof. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 1996 Bonds from which such proceeds are derived. All costs of issuance shall be paid within 90 days following the Closing Date and all moneys then remaining in the Costs of Issuance Fund shall be disbursed to the Issuer whereupon they may be used for any legal purpose of the System.

Section 3.15. Designation of Bonds as "Qualified Tax-Exempt Obligations". The Issuer hereby designates the Series 1996 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 1996 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 1996 Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 1996.

ARTICLE IV

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 4.01. Establishment of Funds and Accounts with Depository Bank. Pursuant to this Article IV, the following special funds are hereby created (or continued if previously established or continued by the 1983 Resolution) with, and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other, and used solely for the purposes provided herein and in the 1983 Resolution:

(1) Revenue Fund (established by the 1983 Resolution);

(2) Renewal and Replacement Fund (established by the 1983 Resolution);

(3) Costs of Issuance Fund; and

(4) Rebate Fund.

Section 4.02. Establishment of Funds and Accounts with Bond Commission. Pursuant to this Article IV, the following special funds and accounts are hereby created (or continued if previously established or continued by the 1983 Resolution) with, and shall be held by, the Bond Commission, segregated from all other funds and accounts of the Bond Commission or the Issuer and from each other, and used solely for the purposes provided herein and in the 1983 Resolution:

(1) Series 1983 B Bonds Sinking Fund (established by the 1983 Resolution);

(2) Series 1996 Bonds Sinking Fund;

(a) Within the Series 1996 Bonds Sinking Fund;

(i) Series 1996 Bonds Reserve Account; and

(ii) Series 1996 Bonds Redemption Account.

Section 4.03. System Revenues and Application Thereof. So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in this Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository

Bank and used only for the purposes and in the manner herein provided. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Bond Commission (i) for deposit in the Series 1983 B Bonds Sinking Fund, the amounts required by the 1983 Resolution for payment of interest, if any, on and principal of the Series 1983 B Bonds, (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 1996 Bonds, for deposit in the Series 1996 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 1996 Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 1996 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 1996 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 1996 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 1996 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 1996 Bonds Sinking Fund, and (iii) beginning on the first day of that month which is 12 months prior to the first principal payment date or mandatory redemption date of the Series 1996 Bonds, for deposit in the Series 1996 Bonds Sinking Fund and in the Series 1996 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 1996 Bonds on the next ensuing principal payment date or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 1996 Bonds Sinking Fund and the next ensuing principal payment date or mandatory redemption date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory redemption date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 1996 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

Moneys in the Series 1996 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 1996 Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 1996 Bonds Sinking Fund when the aggregate amount of funds in the Series 1996 Bonds Sinking Fund, including the Series 1996 Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 1996 Bonds issued pursuant to this Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 1996 Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 1996 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of such additional parity Bonds.

The payments into the Series 1996 Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Bond Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Resolution.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Bond Commission for deposit into the Series 1996 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 1996 Bonds Reserve Account below the Series 1996 Bonds Reserve Requirement or any withdrawal from the Series 1996 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 1996 Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 1996 Bonds Reserve Account is less than the Series 1996 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 1996 Bonds Reserve Account for deposit into the Series 1996 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore

the amount of moneys on deposit in the Series 1996 Bonds Reserve Account to an amount equal to the Series 1996 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 1996 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 1996 Bonds Reserve Requirement.

Amounts in the Series 1996 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 1996 Bonds when due, when amounts in the Series 1996 Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall restore any withdrawals from the Series 1996 Bonds Reserve Account which have the effect of reducing the assets therein below the Series 1996 Bonds Reserve Requirement from the first Net Revenues available after all other required payments to the Series 1983 B Bonds Sinking Fund and the Series 1996 Bonds Sinking Fund, including any deficiencies for prior payments, have been made in full; provided, that the Issuer shall not be required to restore such deficiency when the aggregate amount of funds in the Series 1983 B Bonds Sinking Fund and the Series 1996 Bonds Sinking Fund, including the respective Reserve Account therein, is at least equal to the aggregate amount of Bonds then Outstanding, plus the amount of interest due or thereafter to become due on the Bonds then Outstanding.

(4) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month (as previously set forth in the 1983 Resolution and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in Qualified Investments. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any reserve account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Principal and interest payments, and any payments made for the purpose of funding any reserve account, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1983 B Bonds and the Series 1996 Bonds in accordance with the respective principal amounts then Outstanding.

B. Whenever all of the required and provided transfers and payments from the Revenue Fund into the several special funds, as hereinbefore provided, are current and there remains in the Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Series 1983 B Bonds Sinking Fund and the Series 1996 Bonds Sinking Fund, including the respective Reserve Accounts therein, and the Renewal and Replacement Fund during the following month or such other period as required by law, such excess shall be considered Surplus Revenues. Surplus Revenues may be used for any lawful purpose of the System.

C. The Issuer shall remit from the Revenue Fund to the Bond Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Bond 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 any charges and fees then due.

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

E. If on any monthly payment date the Net 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.

F. The Bond Commission is hereby designated as the fiscal agent for the administration of the Series 1996 Bonds Sinking Fund created hereunder, and all amounts required for the Series 1996 Bonds Sinking Fund shall be remitted to the Bond Commission from the Revenue Fund by the Issuer at the times provided herein. All remittances made by the Issuer to the Bond Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

ARTICLE V

INVESTMENTS; NON-ARBITRAGE; REBATES OF EXCESS INVESTMENT EARNINGS

Section 5.01. Investments. The Issuer shall invest and reinvest, and shall instruct the Bond Commission and the Depository Bank to invest and reinvest, any moneys held as a part of the funds and accounts created by this Resolution in Qualified Investments to the fullest extent possible under applicable laws, this Resolution, the need for such moneys for the purposes set forth herein and the specific restrictions and provisions set forth in this section.

Except as provided below, 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 Issuer 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 Issuer may make any and all investments permitted by this section through the bond department of the Depository Bank. The Depository Bank shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The following specific provisions shall apply with respect to any investments made under this section:

(A) Qualified Investments acquired for the Series 1996 Bonds Reserve Account shall mature or be subject to retirement at the option of the holder within not more than 5 years from the date of such investment.

(B) The Issuer shall, or shall cause the Bond Commission to semiannually transfer from the Series 1996 Bonds Reserve Account to the Series 1996 Bonds Sinking Fund, any earnings on the moneys deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 1996 Bonds Reserve Account an amount at least equal to the requirement therefor.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 1996 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 1996 Bonds Reserve Account

shall, at any time, be less than the applicable requirement therefor, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues after required deposits to the Series 1996 Bonds Sinking Fund and the Series 1983 B Bonds Sinking Fund have been made.

(D) All amounts representing accrued and capitalized interest shall be held by the Bond Commission, pledged solely to the payment of interest on the Series 1996 Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 1996 Bonds Sinking Fund may be invested by the Bond Commission in the West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended.

Section 5.02. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 1996 Bonds in such manner and to such extent as may be necessary, so that the Series 1996 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 1996 Bonds) so that the interest on the Series 1996 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 5.03. Tax Certificate and Rebate. A. 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 1996 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 1996 Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything

herein to the contrary, shall be paid from investment earnings on the underlying fund or account established hereunder and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge hereunder and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with this Section 5.03. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.03 in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 1996 Bonds from gross income for federal income tax purposes.

ARTICLE VI

ADDITIONAL COVENANTS OF THE ISSUER

Section 6.01. Covenants Binding and Irrevocable. All the covenants, agreements and provisions of this Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 1996 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of this Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 1996 Bonds, as hereinafter provided in this Article VI. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 1996 Bonds, or the interest thereon, are Outstanding and unpaid.

Section 6.02. Bonds not to be Indebtedness of the Issuer. The Series 1996 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account therein, and the unexpended proceeds of the Series 1996 Bonds, all as herein provided. No Holder or Holders of the Series 1996 Bonds issued hereunder shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 1996 Bonds or the interest thereon.

Section 6.03. Bonds Secured by Parity Pledge of Net Revenues and Moneys in Sinking Fund. The payment of the debt service of all of the Series 1996 Bonds issued hereunder shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1983 B Bonds, and all moneys and securities in the Series 1996 Bonds Sinking Fund, including the Series 1996 Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 1996 Bonds herein authorized, and to make the payments into the Series 1996 Bonds Sinking Fund, all moneys and securities in the Series 1996 Bonds Sinking Fund, including the Series 1996 Bonds Reserve Account therein, and all other payments provided for in this Resolution, are hereby irrevocably pledged in the manner provided in this Resolution to the payment of the principal of and interest on the Series 1996 Bonds herein authorized as the same become due and for the other purposes provided in this Resolution.

Section 6.04. Rates. Prior to the issuance of the Series 1996 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules

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 and accounts created hereunder. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest on the Series 1996 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1996 Bonds, including the Series 1983 B Bonds.

Section 6.05. Operation and Maintenance. The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided herein.

Section 6.06. Sale of the System. So long as the Series 1983 B Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the 1983 Resolution. Additionally, so long as the Series 1996 Bonds are Outstanding, 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 Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to Bond Commission for deposit in the respective sinking funds, and otherwise as prescribed by Section 9.01. Any balance remaining after such defeasance shall be remitted to the Issuer by the Bond Commission unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provisions 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, is not in excess of $10,000, the Issuer shall, in writing, 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 shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, in writing, determine with the written approval of the

Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and 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 derived from any such sale, lease or other disposition of such property, in excess of $10,000 and not in excess of $50,000, shall be remitted by the Issuer to the Bond Commission for deposit in the respective Sinking Fund and shall be applied only to the purchase of Bonds of the last maturities then Outstanding at prices not greater than the par value thereof plus 3% of such par value. Such payment of such proceeds into the respective Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions hereof.

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 shall be in excess of $50,000 and insufficient to pay all Bonds Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 66 2/3% in amount of 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 6.07. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 hereof, 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 the Net Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the Net 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 then Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Resolution and the 1983 Resolution at the time of the issuance of such subordinate obligations have been made and are current.

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, except with respect to such additional parity Bonds, being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and Revenues of the System pledged for payment of the Bonds and the interest thereon in this Resolution or upon the System or any part thereof.

Section 6.08. Additional Parity Bonds. So long as the Series 1983 B Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the 1983 Resolution shall be applicable. In addition, no additional parity Bonds payable out of

the Revenues of the System shall be issued after the issuance of any Bonds pursuant hereto, except under the conditions and in the manner herein provided.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, additions, betterments or improvements to the System or refunding one or more series of Bonds issued pursuant hereto, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Issuer a written statement by the Independent Accountants, based upon the necessary investigation and certification by the Consulting Engineers, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during the 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such additional 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 additional parity Bonds, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

(2) Any additional parity Bonds theretofore issued pursuant to the provisions contained herein then Outstanding; and

(3) The additional 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 increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such additional parity Bonds, and shall not exceed the amount to be stated in a certificate of the Consulting Engineers, which shall be filed in the office of the Issuer prior to the issuance of such additional parity Bonds, provided however, that for purposes of this test, the Issuer may only take into account 75% of the "estimated average increased annual Net Revenues to be received in each of the three succeeding years" to the extent such increased Net Revenues are expected to be derived from an increase in the number of users to be served by the Project financed by such additional parity Bonds.

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the Independent Accountants, as stated in a certificate jointly

made and signed by the Consulting Engineers and the Independent Accountants, on account of increased rates, rentals, fees and charges for the System adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to issuance of such additional parity Bonds.

Not later than simultaneously with the delivery of such additional parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such extensions, additions, betterments or improvements, if any, to the System that are to be financed by such additional parity Bonds.

All covenants and other provisions hereof (except as to details of such additional parity Bonds inconsistent herewith) shall be for the equal benefit, protection and security of the Holders of the Bonds and the Holders of any parity Bonds subsequently issued from time to time within the limitations of and in compliance with this section. All Bonds 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 hereby required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant hereto.

All additional parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

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

No additional parity Bonds shall be issued any time, however, unless all the payments into the respective funds and accounts provided for herein and in the 1983 Resolution with respect to the Bonds then Outstanding, and any other payments provided for herein and in the 1983 Resolution, shall have been made in full as required to the date of delivery of such additional parity Bonds, and the Issuer shall then be in full compliance with all the covenants, agreements and terms herein and in the 1983 Resolution.

Section 6.09. Insurance and Bonds. 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 and bonds and worker's compensation

coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. 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 and 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 during construction in the full insurable value thereof.

B. 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 $100,000 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.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer 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.

Section 6.10. 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 thereof shall avail himself 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 6.11. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rates, 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, 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 and facilities of the System and any services and facilities of the waterworks system, if so owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks system is not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 6.12. 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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 6.13. Books and Records. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds 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, to the extent allowable under and in accordance with the rules and regulations of the Public Service Commission of West Virginia and the Act. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner, on the forms, in the books and along with other bookkeeping records as prescribed by the Issuer. The Issuer 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 Issuer shall be reported to such agent of the Issuer as it shall direct.

The Issuer shall file with the Original Purchaser and any Bond Insurer, and shall mail to any Bondholder requesting the same, an annual report within 30 days following the date of receipt of the final audit containing a balance sheet, statement of revenues, expenses, and changes in retained earnings, and statement of cash flows, as prescribed by generally accepted accounting principles.

The Issuer shall also file with the Original Purchaser and any Bond Insurer, and mail to any Bondholder requesting the same, an annual report containing the following:

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

(B) A statement of account balances in all funds and accounts provided for herein and status of said funds.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be completely audited by Independent Accountants, shall mail upon request, and make available generally, the report of said Independent Accountants, or a summary thereof, to any Holder or Holders of Bonds issued pursuant to this Resolution and shall file said report with the Original Purchaser.

Section 6.14. Operating Budget. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser 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 Original Purchaser, any Bond Insurer and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Section 6.15. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30-day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

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

Section 6.16. Statutory Mortgage Lien. For the further protection of the Holders of the Series 1996 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 1996 Bonds, and shall be on a parity with the statutory mortgage lien in favor of the Holders of the Series 1983 B Bonds.

Section 6.17. Tax Covenants. The Issuer hereby further covenants and agrees as follows:

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 1996 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 1996 Bonds during the term thereof is, under the terms of the Series 1996 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) in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1996 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 1996 Bonds during the term thereof is, under the terms of the Series 1996 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 1996 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the System, or if the Series 1996 Bonds are for the purpose of financing more than one project, a portion of the System, and shall not exceed the proceeds used for the governmental use of that portion of the System to which such Private Business Use is related.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% of the Net Proceeds of the Series 1996 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 1996 Bonds to be directly or indirectly "federally guaranteed" within the meaning of Section 149(b) of the Code and Regulations promulgated thereunder.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1996 Bonds and the interest thereon, including without limitation, the information return required under Section 149(e) of the Code.

E. FURTHER ACTIONS. The Issuer will take all actions that may be required of it so that the interest on the Series 1996 Bonds will be and remain excludable from gross income for federal income tax purposes, and will not take any actions which would adversely affect such exclusion.

Section 6.18. Municipal Bond Insurance Policy. The Issuer may apply for a Municipal Bond Insurance Policy for the Series 1996 Bonds and subsequent series of Bonds. In the event a Municipal Bond Insurance Policy is obtained for any series of Bonds, additional covenants and provisions relating to such series of Bonds as may be required by the applicable Bond Insurer as a condition to insuring such Bonds shall be set forth in a

Supplemental Resolution and shall be controlling in the event any other provisions of this Resolution may be in conflict therewith.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in this Resolution or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

(C) 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

(D) If default occurs with respect to the Series 1983 B Bonds or the 1983 Resolution.

Section 7.02. Enforcement. Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and this Resolution;

(C) Bring suit upon the Bonds;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of this Resolution or the rights of the Bondholders.

No remedy by the terms of this Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders hereunder or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 1996 Bonds shall be on a parity with those of the Holders of the Series 1983 B Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 7.03. Appointment of Receiver. If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as herein provided and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of this Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate, 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 issued pursuant to this Resolution and interest thereon and under any covenants of this Resolution for reserve, sinking or other funds and accounts and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the Revenues of the System shall have been paid and made good, and all defaults under the provisions of this Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder 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, 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 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 the Holders of the Bonds issued pursuant to this Resolution. 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 possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of this Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of this Resolution, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of this Resolution, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Section 7.04. Restoration of Issuer and Bondholder. In case any Bondholder shall have proceeded to enforce any right under this Resolution by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and such Bondholder shall be restored to their former positions and rights hereunder, and all rights and remedies of such Bondholder shall continue as if no such proceedings had been taken.

ARTICLE VIII

REGISTRAR AND PAYING AGENT

Section 8.01. Appointment of Registrar. The Registrar for the Series 1996 Bonds shall be appointed pursuant to the Supplemental Resolution. The Issuer is hereby authorized and directed to enter into an agreement with the Registrar, the substantial form of which agreement is to be approved by Supplemental Resolution.

Section 8.02. Responsibilities of Registrar. The recitals of fact in the Bonds shall be taken as statements of the Issuer, and the Registrar shall not be responsible for their accuracy. The Registrar shall not be deemed to make any representation as to, and shall not incur any liability on account of, the validity of the execution of any Bonds by the Issuer. Notwithstanding the foregoing, the Registrar shall be responsible for any representation in its Certificate of Authentication on the Bonds. The Registrar and any successor thereto shall agree to perform all the duties and responsibilities spelled out in this Resolution and any other duties and responsibilities incident thereto, all as provided by said agreement described in Section 8.01.

Section 8.03. Evidence on Which Registrar May Act. Except as otherwise provided by Section 10.02, the Registrar shall be protected in acting upon any notice, resolution, request, consent, order, certificate, opinion or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. Whenever the Registrar shall deem it necessary or desirable that a fact or matter be proved or established prior to taking or suffering any action, such fact or matter, unless other evidence is specifically prescribed, may be deemed to be conclusively proved and established by a certificate of an Authorized Officer of the Issuer, but in its discretion the Registrar may instead accept other evidence of such fact or matter.

Section 8.04. Compensation and Expenses. The Issuer shall pay to the Registrar from time to time reasonable compensation for all services, including the transfer of registration of Bonds, the first exchange of Bonds and the exchange of Bonds in the event of partial redemption, incurred in the performance of its duties hereunder.

Section 8.05. Certain Permitted Acts. The Registrar may become the owner of or may deal in Bonds as fully and with the same rights it would have if it were not Registrar. To the extent permitted by law, the Registrar may act as depository for, and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders or effect or aid in any reorganization growing out of the enforcement of the Bonds or this Resolution, whether or not any such committee shall represent the Holders of a majority in principal amount of the Bonds Outstanding.

Section 8.06. Resignation of Registrar. The Registrar may at any time resign and be discharged of its duties and obligations under this Resolution by giving not less than 60 days' written notice to the Issuer and publishing in an Authorized Newspaper notice (or mailing such notice to each Bondholder in the event all Bonds are fully registered), specifying the date when such resignation shall take effect, within 20 days after the giving of such written notice. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Such resignation shall take effect upon the day specified in such notice unless a successor shall have been previously appointed by the Issuer or bondholders, in which event such resignation shall take effect immediately.

Section 8.07. Removal. The Registrar may be removed at any time by the Issuer or by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed and duly acknowledged by the Issuer or by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer, as the case may be. Copies of each such instrument shall be delivered by the Issuer to the Registrar.

Section 8.08. Appointment of Successor. In case at any time the Registrar shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Registrar or of its property shall be appointed, or if any public officer or court shall take charge or control of the Registrar or of its property or affairs, a successor may be appointed by the Holders of a majority in principal amount of the Bonds then Outstanding by an instrument or concurrent instruments in writing signed by such Bondholders or their attorneys duly authorized in writing and delivered to the Issuer and such successor Registrar, notification thereof being given to the predecessor Registrar. Pending such appointment, the Issuer shall forthwith appoint a Registrar to fill such vacancy until a successor Registrar shall be appointed by such Bondholders. The Issuer shall publish in an Authorized Newspaper (or mail to each Bondholder in the event all Bonds are fully registered) notice of any such appointment within 20 days after the effective date of such appointment. A copy of such notice shall also be mailed to each owner of a fully registered Bond or a coupon Bond registered as to principal (other than to bearer). Any successor Registrar appointed by the Issuer shall, immediately and without further act, be superseded by a Registrar appointed by such Bondholders. If in a proper case no appointment of a successor Registrar shall be made within 45 days after the Registrar shall have given to the Issuer written notice of resignation or after the occurrence of any other event requiring such appointment, the Registrar or any Bondholder may apply to any court of competent jurisdiction to appoint a successor. Any Registrar appointed under the provisions of this section shall be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution.

Section 8.09. Transfer of Rights and Property to Successor. Any predecessor Registrar or Paying Agent shall pay over, assign and deliver any moneys, books and records held by it to its successor.

Section 8.10. Merger or Consolidation. Any company into which the Registrar may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Registrar or any public officer or court may sell or transfer all or substantially all of its corporate trust business, shall be the successor to such Registrar without the execution or filing of any paper or the performance of any further act; provided, however, that such company shall be a bank, trust company or national banking association meeting the requirements set forth in Section 8.08.

Section 8.11. Adoption of Authentication. In case any of the Bonds shall have been authenticated but not delivered, any successor Registrar may adopt a Certificate of Authentication and Registration executed by any predecessor Registrar and deliver such Bonds so authenticated, and, in case any Bonds shall have been prepared but not authenticated, any successor Registrar may authenticate such Bonds in the name of the predecessor Registrar or in its own name.

Section 8.12. Paying Agent. The Registrar shall also serve as the Paying Agent. The Registrar's acceptance of the duties and responsibilities of the Registrar expressed in Section 8.02 shall also include the trust and the duty of Paying Agent. Any alternate Paying Agent must be a bank, trust company or national banking association authorized to perform the duties imposed upon it by this Resolution. Such alternate Paying Agent shall signify its acceptance of the duties and obligations imposed upon it pursuant hereto by executing and delivering to the Issuer a written acceptance thereof. Any successor Paying Agent shall take such actions as may be necessary to ensure that the Bonds shall be and remain DTC-eligible.

Each Paying Agent shall be entitled to payment and reimbursement for reasonable fees for its services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by such Paying Agent in connection with such services solely from moneys available therefor.

Any bank, trust company or national banking association with or into which any Paying Agent may be merged or consolidated, or to which the assets and business of such Paying Agent may be sold, shall be deemed the successor of such Paying Agent for the purposes of this Resolution. If the position of Paying Agent shall become vacant for any reason, the Issuer shall, within 30 days thereafter, appoint a bank, trust company or national banking association located in the same city as such Paying Agent to fill such vacancy; provided, however, that, if the Issuer shall fail to appoint such Paying Agent within said period, the Bond Commission, a court of competent jurisdiction or a majority of the Bondholders may make such appointment.

The Paying Agent shall enjoy the same protective provisions in the performance of its duties hereunder as are specified in this Article VIII with respect to the Registrar, insofar as such provisions may be applicable.

Notice of the appointment of successor or additional Paying Agents or fiscal agents shall be given in the same manner as provided by Section 8.08 hereof with respect to the appointment of a successor Registrar.

All moneys received by the Paying Agent shall, until used or applied as provided in this Resolution, be held in trust for the purposes for which they were received.

ARTICLE IX

DEFEASANCE; DISCHARGE OF PLEDGE OF RESOLUTION

Section 9.01. Defeasance; Discharge of Pledge of Resolution. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1996 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then this Resolution and the pledges of the Net Revenues and other moneys and securities pledged hereunder, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 1996 Bonds made hereunder, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 1996 Bonds from gross income for federal income tax purposes.

The Series 1996 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 1996 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 1996 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Bond Commission or an escrow trustee either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Bond Commission or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 1996 Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 1996 Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor moneys deposited with the Bond Commission or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 1996 Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Bond Commission or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 1996 Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Bond Commission or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations,

as such term is limited by the provisions in Section 1.01 hereof or such additional securities as shall be set forth in the Supplemental Resolution.

ARTICLE X

MISCELLANEOUS

Section 10.01. Amendment of Resolution. Prior to issuance of the Series 1996 Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Resolution, shall be controlling. Following issuance of the Series 1996 Bonds, this Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Bonds are insured, no such amendment or modification which adversely affects the security for such Bonds or the rights of any Bond Insurer for such Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to this Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 1996 Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 1996 Bond without the express written consent of the Holder of each Series 1996 Bond so affected, nor reduce the percentage of Series 1996 Bonds required for consent to any such modification or amendment.

Section 10.02. Evidence of Signatures of Bondholders and Ownership of Bonds. Any request, consent, revocation of consent or other instrument which this Resolution may require or permit to be signed and executed by Bondholders may be in one or more instruments of similar tenor, and shall be signed or executed by such Bondholders in person or by their attorneys duly authorized in writing. Proof of the execution of any such instrument, or of an instrument appointing or authorizing any such attorney, shall be sufficient for any purpose of this Resolution if made in the following manner, or in any other manner satisfactory to the Issuer or the Registrar, as the case may be, which may nevertheless in its discretion require further or other proof in cases where it deems the same desirable:

A. The fact and date of the execution by any Bondholder or his attorney of any such instrument may be proved (i) by the certificate of a notary public or other officer authorized to take acknowledgements of deeds to be recorded in the jurisdiction in which he purports to act that the person signing such instrument acknowledged to him the execution thereof, or by the affidavit of a witness of such execution, duly sworn to before such a notary public or other officer or (ii) by the certificate, which need not be acknowledged or verified, of an officer of a bank, a trust company or a financial firm or

corporation satisfactory to the Issuer or the Registrar, as the case may be, that the person signing such instrument acknowledged to such bank, trust company, firm or corporation the execution thereof.

B. The authority of a person or persons to execute any such instrument on behalf of a corporate Bondholder may be established without further proof if such instrument is signed by a person purporting to be the president or treasurer or a vice-president or an assistant treasurer of such corporation with a corporate seal affixed, and is attested by a person purporting to be its secretary or assistant secretary.

C. The amount of fully registered Bonds held by a person executing any instrument as a Bondholder, the date of his holding such Bonds and the numbers and other identification thereof, shall be confirmed by the Bond Register.

Any request, consent or other instrument executed by the Holder of any Bond shall bind all future Holders and owners of such Bond in respect of anything done or suffered to be done hereunder by the Issuer or the Registrar in accordance therewith.

Section 10.03. Preservation and Inspection of Documents. To the extent allowable under law, all reports, certificates, statements and other documents received by the Registrar under the provisions of this Resolution shall be retained in its possession and shall be available at all reasonable times for the inspection of the Issuer or any Bondholder, and their agents and their representatives, but any such reports, certificates, statements or other documents may, at the election of the Registrar, be destroyed or otherwise disposed of at any time after such date as the pledge created by this Resolution shall be discharged as provided in Section 9.01.

Section 10.04. Cancellation of Bonds. All Bonds purchased or paid shall, if surrendered to the Issuer, be canceled and delivered to the Registrar, or, if surrendered to the Registrar, be canceled by it. No such Bonds shall be deemed Outstanding under this Resolution and no Bonds shall be issued in lieu thereof. All such Bonds shall be canceled and upon order of the Issuer shall be destroyed, and a certificate evidencing such destruction shall be delivered to the Issuer.

Section 10.05. Failure to Present Bonds. Anything in this Resolution to the contrary notwithstanding, any moneys held by the Bond Commission or a Paying Agent in trust for the payment and discharge of any of the Bonds which remain unclaimed for 1 year after the date on which such Bonds have become due and payable, whether by maturity or upon call for redemption, shall at the written request of the Issuer be paid by the Bond Commission or said Paying Agent to the Issuer as its absolute property and free from trust, and the Bond Commission or said Paying Agent shall thereupon be released and discharged with respect thereto, and the Holders of such Bonds shall look only to the Issuer for the payment of such Bonds; provided, however, that, before making any such payment to the Issuer, the Registrar, if so advised by the Bond Commission, or said Paying Agent

shall send to the Holder, at the address listed on the Bond Register, by certified mail, a notice that such moneys remain unclaimed and that, after a date named in said notice, which date shall be not less than 30 days after the date of such notice is mailed, the balance of such moneys then unclaimed will be returned to the Issuer. If any of said Bonds is a coupon Bond, the Registrar or said Paying Agent shall also publish such notice, not less than 30 days prior to the date such moneys will be returned to the Issuer, in an Authorized Newspaper.

Section 10.06. Notices, Demands and Requests. Unless otherwise expressly provided, all notices, demands and requests to be given or made hereunder to or by the Issuer, the Registrar, the Paying Agent, the Depository Bank, the Original Purchaser or Bond Insurer shall be in writing and shall be properly made if sent by United States mail, postage prepaid, and addressed as follows or if hand-delivered to the individual to whom such notice, demand or request is required to be directed as indicated below:

ISSUER

Greenbrier Public Service District No. 1
119 West Washington Street
Lewisburg, West Virginia 24901
Attention: Chairman

REGISTRAR AND PAYING AGENT

[Name(s) and address(es) to be set forth in Supplemental Resolution]

DEPOSITORY BANK

[Name(s) and address(es) to be set forth in Supplemental Resolution]

ORIGINAL PURCHASER

Ferris, Baker Watts, Incorporated
100 Light Street
Baltimore, Maryland 21202
Attention: Public Finance

BOND INSURER

[Name(s) and address(es) to be set forth in Supplemental Resolution]

Any party listed above may change such address listed for it at any time upon written notice of change sent by United States mail, postage prepaid, to the other parties.

Section 10.07. No Personal Liability. No member of the Issuer or officer or employee of the Issuer shall be individually or personally liable for the payment of the principal of or the interest on any Bond, but nothing herein contained shall relieve any such member, official or employee from the performance of any official duty provided by law or this Resolution.

Section 10.08. Law Applicable. The laws of the State shall govern the construction of this Resolution and of all Bonds issued hereunder.

Section 10.09. Parties Interested Herein. Nothing in this Resolution expressed or implied is intended or shall be construed to confer upon, or give to, any person or corporation, other than the Issuer, the Registrar, the Paying Agent, the Holders of the Bonds and the Original Purchaser, any right, remedy or claim under or by reason of this Resolution. All the covenants, stipulations, promises and agreements contained in this Resolution by and on behalf of the Issuer shall be for the sole and exclusive benefit of the Issuer, the Registrar, the Paying Agent, the Holders of the Bonds and the Original Purchaser.

Section 10.10. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution shall be held invalid, such invalidity shall not affect any of the remaining provisions of this Resolution.

Section 10.11. 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 10.12. Conflicting Provisions Repealed. All orders, 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 1983 Resolution, the 1983 Resolution shall control (unless less restrictive), so long as the Series 1983 B Bonds are Outstanding.

Section 10.13. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 10.14. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 10th day of June, 1996.

Dan L. Withrow
Chairman

Edgar B. Wilborne
Member

Marshall Musser
Member

CERTIFICATION

Certified a true, correct and complete copy of a Resolution duly adopted by the Public Service Board of Greenbrier Public Service District No. 1 on the 10th day of June, 1996.

Dated this 9th day of July, 1996.

[SEAL]

Marshall Musser
Secretary, Public Service Board

07/05/96
GR1JM.A9
352810/95001

EXHIBIT A - BOND FORM

No. R-_____ $_____

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
SEWER REFUNDING REVENUE BOND,
SERIES 1996

INTEREST RATE	MATURITY DATE	BOND DATE	CUSIP NO.

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

KNOW ALL MEN BY THESE PRESENTS: That GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia), a public service district and public corporation and political subdivision of the State of West Virginia in Greenbrier 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 Registered Owner specified above, or registered assigns (the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above and solely from such special funds also to pay interest on said Principal Amount from the Interest Payment Date (as hereinafter defined) preceding the date of authentication hereof or, if authenticated after the Record Date (as hereinafter defined) but prior to the applicable Interest Payment Date or on said Interest Payment Date, from said Interest Payment Date or, if no interest has been paid, from the Bond Date specified above, or, if and to the extent that the Issuer shall default in the payment of interest on any Interest Payment Date, then this Bond shall bear interest from the most recent Interest Payment Date to which interest has been paid or duly provided for, and in which case any Bond surrendered for transfer or exchange shall be dated as of the Interest Payment Date to which interest has been paid in full, at the Interest Rate per annum specified above, semiannually, on _____ 1 and _____ 1, in each year, beginning _____ 1, 199___ (each an "Interest Payment Date"), until maturity or until the date fixed for redemption if this Bond is called for prior redemption

and payment on such date is provided for. Capitalized terms used and not defined herein shall have the meanings ascribed thereto in the hereinafter described Resolution.

Interest accruing on this Bond on and prior to the Maturity Date hereof shall be payable by check or draft mailed by _____, _____, West Virginia, as paying agent (in such capacity, the "Paying Agent"), to the Registered Owner hereof as of the applicable Record Date (each _____ 15 and _____ 15) or, in the event of a default in the payment of Bonds, that special record date to be fixed by the hereinafter named Registrar by notice given to the Registered Owners not less than 10 days prior to said special record date at the address of such Registered Owner as it appears on the registration books of the Issuer maintained by _____, _____, West Virginia, as registrar (in such capacity, the "Registrar"), or, at the option of any Registered Owner of at least $500,000 in aggregate principal amount of Bonds, by wire transfer in immediately available funds to a domestic bank account specified in writing by the Registered Owner to the Paying Agent at least 5 days prior to such Record Date. Principal and premium, if any, shall be paid when due upon presentation and surrender of this Bond for payment at the principal corporate trust office of the Paying Agent, in _____, West Virginia.

This Bond is one of an issue of a series of bonds, in the aggregate principal amount of $_____ designated "Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 1996" (the "Bonds"), of like tenor and effect, except as to number, denomination, date of maturity and interest rate, dated _____ 1, 199___, the proceeds of which are to be used, together with other funds of the Issuer, to refund in full the Sewer Revenue Bonds, Series A, dated May 1, 1972, and the Sewer Revenue Bonds, Series 1983 A, dated June 23, 1983, of the Issuer outstanding in the total aggregate principal amount of $_____ (collectively, the "Prior Bonds"), which Prior Bonds were issued to finance the cost of construction of certain additions, betterments and improvements to the public sewerage system of the Issuer. 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 of the West Virginia Code of 1931, as amended (the "Act"), and a resolution duly adopted by the Issuer on _____, 199___, and supplemented by a supplemental resolution duly adopted by the Issuer on _____, 199___ (hereinafter collectively referred to as the "Resolution"), and is subject to all the terms and conditions of the Resolution. The Resolution 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 Resolution. Reference is hereby made to the Resolution, as the same may be amended and supplemented from time to time, for a description of the rights, limitations of rights, obligations, duties and immunities of the Issuer, the Registrar, the Paying Agent, the Registered Owners of the Bonds and the Registered Owners of any subsequently issued additional bonds. Executed counterparts or certified copies of the Resolution are on file at the office of the Issuer.

The Bonds are additionally secured, but only to the extent described in the Statement of Insurance printed on the Bonds, by a policy of municipal bond insurance issued by _____.

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 SEWER REVENUE BONDS, SERIES 1983 B, DATED JUNE 23, 1983, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $910,000 (THE "SERIES 1983 B BONDS").

The Bonds of this issue are subject to redemption prior to their stated maturity dates, as provided in the Resolution and as set forth in the following lettered paragraphs:

(A) Optional Redemption. The Bonds maturing on or after _____, _____ are subject to redemption prior to maturity at the option of the Issuer on and after _____, _____, in whole at any time and in part on any Interest Payment Date, as directed by the Issuer, at the following Redemption Prices (expressed as percentages of the principal amount of Bonds to be redeemed), plus interest accrued thereon to the date fixed for redemption:

Period During Which Redeemed (Dates Inclusive)	Redemption Price

(B) Mandatory Sinking Fund Redemption. The Bonds maturing _____, are subject to annual mandatory redemption prior to maturity by random selection on _____ of the years and in the principal amounts set forth below, at the Redemption Price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

Bonds Maturing

Year (____)	Principal Amount

Bonds Maturing

Year (____)	Principal Amount

* Final Maturity

In the event of any redemption of less than all outstanding Bonds, Bonds shall be selected for redemption by lot or in such other manner deemed appropriate by the Paying Agent. If less than all the Bonds are to be redeemed, the Bonds to be redeemed shall be identified by reference to the Series designation, date of issue, CUSIP numbers and Maturity Dates.

Notice of any redemption of this Bond, unless waived, shall be given by the Registrar on behalf of the Issuer by mailing an official redemption notice by registered or certified mail at least 30 days and not more than 60 days prior to the date fixed for redemption to the Registered Owner of the Bond or Bonds to be redeemed at the address shown on the Bond Register or at such other address as is furnished in writing by such Registered Owner to the Registrar. Notice of redemption having been given as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the Redemption Date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest.

Failure to receive such notice or any defect therein or in the mailing thereof shall not affect the validity of proceedings for the redemption of this Bond.

The Bonds and the interest thereon are payable only from and are secured by the Net Revenues (as defined in the Resolution) 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 1983 B Bonds and from all moneys in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account established under the Resolution, and the unexpended proceeds of the Bonds, and the Issuer hereby and in the Resolution pledges such revenues and moneys to such payment. Said Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose and to make the other payments required by the Resolution. This Bond does not constitute an indebtedness of the Issuer within any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1996 Bonds Sinking Fund and the Series 1996 Bonds Reserve Account and any unexpended Bond proceeds. Under the Resolution, the Issuer has covenanted and agreed to fix, establish and collect just and equitable rates or charges for the use of the services and facilities of the System and to revise the same from time to time as will always be sufficient to pay all operating expenses of the System and to produce revenues net of such operating expenses equal to at least _____% of the amount required to pay the maximum amount due in any year of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds, including the Series 1983 B Bonds.

All moneys received from the sale of the Bonds except for accrued interest thereon shall be applied solely to refund the Prior Bonds and pay all costs in connection therewith and costs of issuance of the Bonds, and there shall be, and hereby is, created and granted a lien upon such moneys, until so applied, in favor of the registered owners of said Bonds.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of said 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 said Issuer for the prompt payment of the principal of and interest on the Bonds of which this Bond is one.

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 be transferred only upon the surrender hereof at the office of the Registrar and otherwise as provided by the Ordinance.

This Bond is, under the Act, exempt from taxation by the State of West Virginia, and the other taxing bodies of the State.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon shall have been signed by the Registrar.

All provisions of the Resolution and the 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, GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (West Virginia) has caused this Bond to be signed by its Chairman, and its corporate seal to be imprinted hereon and attested by its Secretary, and has caused this Bond to be dated as of the Bond Date specified above.

[SEAL]

(Manual or Facsimile Signature)
Chairman

ATTEST:

(Manual or Facsimile Signature)
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the fully registered Bonds described in the within-mentioned Resolution and has been duly registered in the name of the Registered Owner on the date set forth below. Attached hereto is the complete text of the opinion of Steptoe & Johnson, bond counsel, signed originals of which are on file with the Registrar, delivered and dated on the date of the original delivery of and payment for the Bonds.

Dated: _____, _____.

_____,
as Registrar

By _____
Its Authorized Officer

ASSIGNMENT

Social Security or Other Identifying Number of Assignee _____

_____

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____

_____

_____

_____ the within Bond and does hereby irrevocably constitute and appoint _____

_____ to transfer the said Bond on the books kept for registration thereof with full power of substitution in the premises.

Dated: _____, _____.

_____

SIGNATURE GUARANTEED:

_____
(Bank, Trust Company or Firm)

_____
(Authorized Officer)

NOTICE: The Assignor's signature to this Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

STATEMENT OF INSURANCE

This Preliminary Official Statement and the information contained herein are subject to completion and amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. The Issuer deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1), except for certain information on the cover page hereof and certain pages herein which have been omitted in accordance with said Rule and which will be supplied in the final Official Statement.

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 20, 2006

NEW ISSUE-FULL BOOK ENTRY

Non Rated

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied the interest on the Series 2006 Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not an item of tax preference fro purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) under the laws of the State of West Virginia, the Series 2006 Bonds are exempt from taxation by the State of West Virginia, and the other taxing bodies of the State and the interest on the Series 20006 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. In addition, Bond Counsel is of the opinion that the Series 2006 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (see "Tax Matters" herein).

$3,430,000*
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2006

Dated: November 1, 2006 **Due: October 1, as shown below**

The Series 2006 Bonds shall be issued only as fully registered Bonds, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only and beneficial owners of the Series 2006 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2006 Bonds, payments of the principal of and interest on such Series 2006 Bonds will be made directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "THE SERIES 2006 BONDS--Book-Entry Only System" herein). The Series 2006 Bonds are subject to redemption prior to maturity as more fully stated herein.

The Series 2006 Bonds are being issued to provide funds, together with other moneys available therefor, to currently refund certain outstanding sewer refunding revenue bonds of Greenbrier Public Service District No. 1 (the "District"); to fund the Series 2006 Bonds Reserve Account; and to pay certain costs of issuance and related costs.

The Series 2006 Bonds are payable from and further secured by the net revenues derived from the existing sewerage collection system of the District and any additions, betterments and improvements thereto and from funds on deposit in the Series 2006 Bonds Sinking Fund created therefor, including the Series 2006 Bonds Reserve Account established therein. The Series 2006 Bonds do not constitute a corporate indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2006 Bonds, any premium or the interest thereon except from such net revenues and such funds on deposit. Neither the credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of or the premium, if any, or interest on the Series 2006 Bonds.

United Bank, Inc., Charleston, West Virginia, is Registrar and the West Virginia Municipal Bond Commission is Paying Agent for the Series 2006 Bonds. Interest on the Series 2006 Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2007. Principal of the Series 2006 Bonds is payable on each October 1 in accordance with the following schedule:

MATURITY SCHEDULES

$_____ _____ Series Serial Bonds

Maturity	Amount	Interest Rate	Price or Yield	CUSIP***

$_____ _____% Term Bond due 20__ Yield: _____% CUSIP

The Series 2006 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the District by Steven Hunter, Esquire, Lewisburg, West Virginia, counsel to the District. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter. It is expected that the Series 2006 Bonds will be available for delivery at DTC, New York, New York, on or about November 15, 2006.

Dated: October __, 2006
*Preliminary, subject to change.

Crews&Associates

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2006 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by Greenbrier Public Service District No. 1, or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from Greenbrier Public Service District No. 1 and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of Greenbrier Public Service District No. 1, since the date hereof.

The information contained in this Official Statement has been obtained from the District and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representation of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District.

Forward-Looking Statements

This Official Statement, and particularly the information contained in Appendix A contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

The following sentence has been provided by the Underwriter for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Notes will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2006 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

** CUSIP data on the cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Notes only at the time of issuance of the Notes and neither the Underwriter nor the District make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes.

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GREENBRIER PUBLIC SERVICE DISTRICT NO. 1

PUBLIC SERVICE BOARD

Daniel Withrow
Doug Warren
Marshall Musser

ADMINISTRATION

David D. Gray, General Manager

BOND COUNSEL

Steptoe & Johnson PLLC
Charleston, West Virginia

COUNSEL TO THE DISTRICT

Steven Hunter, Esq.
Lewisburg, West Virginia

UNDERWRITER

Crews & Associates, Inc.
Charleston, West Virginia

UNDERWRITER'S COUNSEL

Jackson Kelly PLLC
Charleston, West Virginia

OFFICIAL STATEMENT

relating to

$3,430,000*

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
Sewer Refunding Revenue Bonds, Series 2006

October __, 2006

INTRODUCTION

This Official Statement, including the cover page and appendices, is provided for the purpose of setting forth certain information concerning Greenbrier Public Service District No. 1 (the "District"), the District's sewerage collection system hereinafter described and defined and the District's $3,430,000* in aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2006 (the "Series 2006 Bonds"). The Series 2006 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (collectively, the "Act"); and a bond resolution and supplemental resolution adopted by the Board of the District on October 20, 2006 (the "Resolution").

The proceeds of the Series 2006 Bonds, together with other funds available therefor, will be used as follows: (i) to current refund the District's Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, originally issued in the aggregate principal amount of $4,420,000 and presently outstanding in the aggregate principal amount of $3,250,000 (the "Series 1996 Bonds"); (ii) to fund a reserve account (the "Series 2006 Bonds Reserve Account") in the sinking fund (the "Series 2006 Bonds Sinking Fund") established with the West Virginia Municipal Bond Commission for the Series 2006 Bonds; and (iii) to pay certain costs of issuance of the Series 2006 Bonds and related costs. The Series 2006 Bonds will be on parity the District's Sewer Revenue Bonds, Series 1983 B, dated June 23, 1983, originally issued in the amount of $910,000, of which $319,729 is presently outstanding (the "Series 1983 B Bonds"). See "FINANCING PLAN - Estimated Sources and Uses of Funds." The Series 1983 B Bonds were issued pursuant to a resolution adopted by the District on August 15, 1980, as amended and supplemented by a resolution (collectively, the "Series 1983 Resolution"), and the Series 1996 Bonds were issued pursuant to a resolution adopted by the District on June 10, 1996, as amended and supplemented by a resolution (collectively, the "Series 1996 Resolution") and together with the Series 1983 Resolution , the "Prior Resolution").

The Series 2006 Bonds are payable from and secured by the Net Revenues, as defined in the Resolution, derived from the existing sewerage collection system of the District and any additions, betterments and improvements thereto (the "System"), and from funds on deposit in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds

* Preliminary, Subject to change.

Reserve Account therein. The Series 2006 Bonds do not constitute a corporate indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2006 Bonds or any premium or the interest thereon except from such Net Revenues and such funds on deposit. The District has no taxing power. Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) as long as the Series 2006 Bonds are outstanding, to leave a balance each year equal to at least 115% of the annual debt service on the Series 2006 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2006 Bonds, including the Series 1983 B Bonds.. See "SECURITY FOR THE SERIES 2006 BONDS - Rate Covenant." The payment of the principal or redemption price of and interest on the Series 1996 Bonds will be made as described hereinafter under the heading "FINANCING PLAN."

The Series 2006 Bonds will share a first lien parity position on the District=s Net Revenues with the Series 1983 B Bonds. The District may issue additional bonds on a parity with the Series 1983 B Bonds and Series 2006 Bonds for the purpose of (i) financing the cost of the construction or acquisition of extensions, additions, betterments or improvements to the System, (ii) refunding all or a portion of one or more series of bonds issued pursuant to the Resolution, or (iii) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Resolution. See "SECURITY FOR THE SERIES 2006 BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2006 Bonds, the Resolution, the refunding of the Series 1996 Bonds, the System, the District, ongoing disclosure and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, the Supplemental Resolution, the Prepayment Agreement as hereinafter defined, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2006 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Resolution.

FINANCING PLAN

The Series 2006 Bonds are being issued for the primary purpose of current refunding the Series 1996 Bonds. The Series 1996 Bonds will be redeemed on their first available redemption date, being December 1, 2006. The refunding is being undertaken to effect a savings in aggregate debt service for the District. The moneys required to refund and defease the Series 1996 Bonds will be deposited in or credited to a special and irrevocable trust fund designated "Greenbrier Public Service District No. 1 Sewer Refunding Revenue Bonds, Series 1996 A Bonds Escrow Fund" (the "Escrow Account") created under a prepayment agreement to be dated as of the date of delivery of the Series 2006 Bonds (the "Prepayment Agreement"), among the District, the West Virginia Municipal Bond Commission (the "Commission") and The Bank of New York (the "Bank"). The Escrow

Account is to be held by the Bank in trust for the payment of the Series 1996 Bonds and for the benefit of the holders thereof.

Concurrently with the delivery of the Series 2006 Bonds. The net proceeds of sale of the Series 2006 Bonds will be deposited at the Commission. These funds together with the balances held on behalf of the Series 1996 Bonds at the Commission will be wired to the to cash fund the defeasance of Series 1996 Bonds. The money credited to and deposited in the Escrow Account will be sufficient to pay the redemption price of 102% of the aggregate principal amount of Series 1996 Bonds remaining outstanding on December 1, 2006, and the interest on the Series 1996 Bonds to and including December 1, 2006.

Upon the deposit of cash into the Escrow Account, the pledge of Net Revenues, the moneys remaining in the funds and accounts created under the Series 1996 Resolution and any other funds pledged by the Series 1996 Resolution will be discharged and satisfied, provided that Series 1983 B Bonds will continue to be secured by the Prior Resolution.

Sources and Uses of Funds

Sources of Funds

Principal Amount of Series 2006 Bonds	$
Moneys Available from the District (1)	
Original Issue Discount/Premium	
TOTAL	$

Uses of Funds

Deposit to Series 1996 Bonds Sinking Fund (2)	$
Deposit to Series 2006 Bonds Reserve Account (3)	
Underwriter's Discount	
Costs of Issuance	
TOTAL	$

(1) Certain moneys held by the West Virginia Municipal Bond Commission in the existing sinking fund and reserve account for the Series 1996 Bonds.

(2) The amount set forth in the Prepayment Agreement as required, together with the income thereon, to accomplish the refunding of the Series 1996 Bonds as described herein.

(3) An amount equal to the maximum amount of principal and interest which will come due on the Series 2006 Bonds in any year.

THE SERIES 2006 BONDS

General

The Series 2006 Bonds are dated November 1, 2006 and bear interest from said date upon original issuance. Any Series 2006 Bond issued on or subsequent to said first interest payment date will be dated as of the interest payment date next preceding the date of authentication thereof; unless the date of authentication is after the Record Date but prior to the applicable interest payment date or on such interest payment date on which interest on said Series 2006 Bond shall have been paid in full or duly provided for, in which case said Series 2006 Bond shall be dated such interest payment date; or, if interest on such Series 2006 Bond shall be in default, as shown by the records of the Registrar, as defined below, then any Series 2006 Bond issued in exchange for a Series 2006 Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full. The Series 2006 Bonds will bear interest from their date, payable semiannually on each April 1 and October 1, commencing April 1, 2007, upon original issuance, at the rates per annum and will mature on October 1 in the years and in the amounts set forth on the cover page of this Official Statement.

The Series 2006 Bonds will be issued as fully registered bonds, in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the Series 2006 Bonds is payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"), for the registration and transfer of bonds (the "Register") as of the fifteenth (15th) day of the month preceding such interest payment date (the "Record Date") or, in the event of a default in the payment of the Series 2006 Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date, or, if requested, in the case of such an owner of $500,000 or more in principal amount of Series 2006 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the such interest payment date by such owner. Principal of and premium, if any, on the Series 2006 Bonds is payable to the owner thereof upon surrender thereof West Virginia Municipal Bond Commission, as paying agent (the "Paying Agent").

Book-Entry Bonds

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2006 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC").

DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other

nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to District or Paying

Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

No Assurance Regarding DTC Practices

The District cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2006 Bonds (1) payments of principal of or interest and premium, if any, on the Series 2006 Bonds, (2) confirmation of beneficial ownership interest in the Series 2006 Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2006 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current Aprocedures@ of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the District nor the Paying Agent shall have any responsibility or obligation to any Direct Participant, Indirect Participant, Beneficial Owner or any other person with respect to (1) the accuracy of any records maintained by DTC or any Participant; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of or interest on the Series 2006 Bonds; (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Resolution to be given to Bondholders; or (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2006 Bonds.

Bonds - Optional Redemption

The Bonds are not subject to optional redemption prior to October 1, 20__. At the option of the District, the Bonds will be subject to redemption prior to maturity on or after October 1, 20__, as a whole at any time and in part on any interest payment date, in inverse order of maturity and by random selection within maturities if less than all of any maturity, at a redemption price (expressed as a percentage of the principal amount) set forth below, plus interest accrued to the date fixed for redemption:

Period During	Redemption

Which Redeemed	Price
October 1, 20__ and thereafter	100%

Mandatory Redemption

The Series 2006 Bonds maturing on October 1, 20__, are subject to mandatory sinking fund redemption prior to maturing on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption plus interest accrued to the date fixed for redemption:

$_____ Series 2006 Bonds, Due October 1, 20__

Year	Amount
2016	$_____
2017	_____
2018	_____
2019	_____*

*Final Maturity

Notice of redemption will be given to the registered owner or owners of the Bonds by the District by first class mail, postage prepaid, at least 30 days and not more than 60 days, prior to the date fixed for redemption.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2006 Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2006 Bonds shall also be sent to registered securities depositories and to *Standard & Poor's Called Bond Record.* All official notices of redemption shall be dated and shall state: (1) The Redemption Date, (2) The Redemption Price, (3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2006 Bonds to be redeemed, (4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, (5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Registrar, and (6) Such other information, if any, as shall be required for DTC-eligible Bonds.

SECURITY FOR THE SERIES 2006 BONDS

The Series 2006 Bonds are special obligations of the District and are payable as to principal, premium, if any, and interest solely from the sources described below. The District is under no obligation to pay the Series 2006 Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2006 Bonds and the Series 1983 B Bonds shall be secured equally and ratably by a lien on the Net Revenues derived from the System. Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2006 Bonds and the Series 1983 B Bonds and to make all other payments provided for in the Resolution are irrevocably pledged to such payments as they become due.

Rate Covenant

The District covenants and agrees in the Resolution that the schedule of rates and charges from time to time in effect shall be sufficient together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) as long as the Series 2006 Bonds are outstanding, to leave a balance each year equal to at least 115% of the annual debt service on the Series 2006 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2006 Bonds, including the Series 1983 B Bonds.

The District shall require that each annual audit contain a statement of the auditor that the District either is or is not in compliance with the rate covenant in the Resolution. In the event that any audit contains a statement that the District is not in compliance with the rate covenant contained in the Resolution, the District hereby covenants that it shall, within sixty (60) days of receiving the audit report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Series 2006 Bonds Reserve Account

Pursuant to the Resolution there will be created with the Commission, the Series 2006 Bonds Reserve Account established in the Series 2006 Bonds Sinking Fund, in an amount equal to the Series 2006 Bonds Reserve Requirement. The "Series 2006 Bonds Reserve Requirement" is defined under the Resolution as the maximum amount of principal and interest which will come due on the Series 2006 Bonds in any year, assuming that the principal of any Term Bond is deemed due on the earlier of its stated maturity date or the date on which it is required to be redeemed pursuant to mandatory sinking fund redemption. Moneys in the Series 2006 Bonds Reserve Account shall be used only to pay principal of, or interest on the Series 2006 Bonds as due when other moneys in the Series 2006 Bonds Sinking Fund are insufficient therefor; provided, that no payments shall be required to be made into the Series 2006 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2006 Bonds Reserve Requirement. The District

is required to restore any withdrawals from the Series 2006 Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2006 Bonds Reserve Requirement from the first Net Revenues, and then from the Renewal and Replacement Fund, available after all other required payments to the Series 1983 B Bonds Sinking Fund and Series 2006 Bonds Sinking Fund, including any deficiencies for prior payments, have been made in full; provided that such restoration is not required when the aggregate amount of funds in the Series 1983 B Bonds Sinking Fund and Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein, is at least equal to the aggregate amount of Bonds then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

Renewal and Replacement Accounts

The District is required after the payments into the sinking funds described below, on the first day of each month, to transfer to the Renewal and Replacement Fund a sum equal to not less than 2-1/2% of the Gross Revenues each month, exclusive of any payment for the Series 2006 Bonds Reserve Account in the Series 2006 Bonds Sinking Fund.

Withdrawals from the Renewal and Replacement Fund shall be made in the following priority:

(a) To pay for replacements, emergency repairs, improvements or extensions to the System, and

(b) To make up any deficiency in the Series 2006 Bonds Reserve Account.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a State banking corporation or national banking association selected by the District (the "Depository Bank"), for disposition in the following order of priority: (1) first, to pay the current monthly Operating Expenses of the System; (2) next, for (i) monthly deposit in the Series 1983 B Bonds Sinking Fund, the amounts required, if any, by the Prior Resolution for payment of interest on the Series 1983 B Bonds and, (ii) for monthly deposit in the Series 2006 Bonds Sinking Fund established with the Commission on the Series 2006 Bonds, a sum equal to 1/6 of the amount of interest which will become due on the Bonds on the next ensuing semiannual interest payment date; (3) next for (i) monthly deposit in the Series 2006 Bonds Sinking Fund established with the Commission, the amount required by the Prior Resolution for payment of principal of the Series 1983 B Bonds, and (ii) a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2006 Bonds on the next ensuing principal payment date or mandatory redemption date (provided, that until the first interest payment date, the District shall make equal monthly payments into the Series 2006 Bonds Sinking Fund in an amount which shall be reduced by any earnings credited to the Series 2006 Bonds Sinking Fund, if any, will be sufficient to pay principal and interest due on the first principal and interest date); (4) next, for restoration of

any deficiency in the funding of the Series 2006 Bonds Reserve Account; and (5) then, for monthly transfer to the Renewal and Replacement Fund, a sum equal to not less than two and one-half percent of Gross Revenues (less any amount transferred to the Series 2006 Bonds Reserve Account) received during the preceding month.

As described under "Sources of Payment," above, the Series 2006 Bonds and the Series 1983 B Bonds are secured by the Net Revenues of the System.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, 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, rates, rentals and other charges that 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. Under the Act, as hereinafter defined, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The District further covenants and agrees that it will, to the full extent permitted by law and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the waterworks system, if so owned by the District, to all delinquent users of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks system is not owned by the District, the District shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Resolution provides for the issuance of additional bonds on a parity with the Series 1983 B Bonds (limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable) and the Series 2006 Bonds with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues (the "Additional Parity Bonds") for the following purposes and under the following conditions:

> No such Additional Parity Bonds shall be issued except for the purpose of (i) financing the costs of the construction or acquisition of extensions, additions, betterments or improvements to the System, (ii) refunding one or more series of Bonds, or (iii) both such purposes.

No such Additional Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the District a written statement by an Independent Certified Public Accountant 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 Additional 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 Additional Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Series 2006 Bonds then Outstanding;

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

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

The Aestimated 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 District and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such Additional 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 Accountant, on account of increased rates, rentals, fees and charges for the System adopted by the District and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to issuance of such Additional Parity Bonds.

The District may issue Additional Parity Bonds without compliance with any other conditions for the purpose refunding prior to maturity any of the Series 2006 Bonds, or portion thereof, if the aggregate debt service on said additional parity refunding Bonds and such Bonds that will remain outstanding following such issuance will not exceed in any year that such Bonds remain outstanding the debt service that would have been required in such year had the Bonds to be refunded by such additional parity refunding Bonds not been refunded.

No Additional Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in the Resolution and in the Prior Resolution with respect to the Series 2006 Bonds and Series 1983 B Bonds then

Outstanding, and any other payments provided for in the Resolution and in the 1983 Resolution, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the District shall then be in full compliance with all the covenants, agreements and terms in the Resolution and in the Prior Resolution.

THE DISTRICT

History and Development

Greenbrier Public Service District No. 1 was created by order of The County Commission of Greenbrier County (the "County Commission") in 1967 to provide wastewater collection service to an area in and around Lewisburg, West Virginia. Lewisburg and the surrounding area are located over the Greenbrier Limestone formation which outcrops at the ground surface over nearly all of its developed residential neighborhoods and commercial zones. The surface is marked by sinkholes, depressions, and solution cavities which are characteristic of Karst limestone topography. The absence of well developed surface drainage patterns, also typical of Karst topography, is very evident locally.

Prior to the formation of the District in 1967, there was no collection and treatment system in the area. Sewage from businesses and residences found its way directly to the groundwater through pipe outlets buried in sinkholes, drilled openings, or septic tanks with drainfields in sinkhole basins. Without filtering and natural treatment provided by slow percolation through suitable soils, these discharges to underground solution cavities and caves produced contamination in wells and elevated bacteria counts and measured pollution at major springs along the Greenbrier River. While this problem is not yet completely solved, the collection system has dramatically improved water quality.

Public Service Board

The District is governed by a three-member Public Service Board the members of which are appointed by the County Commission for staggered six year terms. Annually at the first calendar month meeting, the Board must elect officers including a Chairman and a Secretary/Treasurer. The Secretary/Treasurer need not be a member of the Board. The Board members, officers, terms and occupations are listed below:

Board	Term	Occupation
Daniel Withrow, Chairman	July 1, 2004-June 30, 2010	Self-Employed
Doug Warren, Secretary	July 1, 2002-June 30, 2008	Adjuster
Marshall Musser, Treasurer	July 1, 2006-June 30, 2012	Retired

The Board employs a manager for the System and other personnel and consultants. David Gray has been the District's General Manager for the past year. Mr.

Gray, who has an engineering degree from the West Virginia Institute of Technology, joined the District's staff in 2005. In addition to the General Manager, the Board has five full-time employees.

Steven Hunter, Esq. provides legal services, Blake & Boone, Certified Public Accounts, accounting services and Criss Haynes, engineering services.

A description of the District's System is set forth in Appendix A – "The System and the Service Area."

DEBT SERVICE REQUIREMENTS

Year Ended June 30	2006 Bonds Principal	2006 Bonds Interest	1983 B Bonds Principal	Total
2007	$	$	$24,595	$
2008			24,595	
2009			24,595	
2010			24,595	
2011			24,595	
2012			24,595	
2013			24,595	
2014			24,595	
2015			24,595	
2016			24,595	
2017			24,595	
2018			24,595	
2019			24,595	
2020			24,595	
TOTAL				

Coverage Ratios

Under the Resolution, the District has covenanted to collect fees and charges such that Net Revenues available for debt service are not less than 115% of the maximum amount of debt service in any year on all Bonds. See "SECURITY FOR THE SERIES 2006 BONDS -- Rate Covenant," herein.

The Summary of Historical Revenue and Expenses and the historical debt service coverage ratios is set forth in Appendix A.

Management's Discussion

The District has experienced steady growth over its life and this growth is expected to continue. To maintain the System and respond to the growth, projects of various sizes have been proposed, developed, and completed in succession year by year. This process is expected to continue.

The Karst topography influences construction costs because the rock present raises line installation expenses and the irregular terrain requires more pump stations. The Karst topography also creates special environmental problems. The challenge is to continue to serve the needs of the area and work with its environmental problems in a way that maximizes the use of the available funds. It is believed that the projects planned for the immediate future meet this challenge. The decline is debt service coverage from FY 2003 to FY 2004 can be attributed to an increase in expenses due to repairs made to the wastewater treatment plant in Ronceverte, West Virginia.

INVESTMENT CONSIDERATIONS

The District does not have direct control over the Net Revenues it produces. The District's rates and charges are set by the Commission following a public notice and review process. The District cannot automatically increase rates, thereby increasing Net Revenues, if customer numbers or customer usage decline or if operation and maintenance expenses increase significantly.

LITIGATION

There is no litigation or other proceeding pending or, to the knowledge of the District, threatened to restrain or enjoin the issuance, sale or delivery of the Series 2006 Bonds, or in any way contesting the validity or enforceability of the Series 2006 Bonds, the proceedings pursuant to which the Series 2006 Bonds are issued, or the collection, application or pledge of the Net Revenues and other moneys purported to be pledged by the Resolution.

LEGAL MATTERS

The authorization and issuance of the Series 2006 Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix C to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Steven Hunter, Esq., Lewisburg, West Virginia, and for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions, the interest on the Series 2006 Bonds (a) is excludable from gross income for federal income tax purposes, assuming compliance

with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code"), (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (c) under existing West Virginia law, the Series 2006 Bonds are exempt from all taxation by the State of West Virginia or any taxing body of the State and the interest on the Series 2006 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State West Virginia. For the purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989).

The District has designated the Series 2006 Bonds as "qualified tax-exempt obligations" and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 2006. Therefore, the Series 2006 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the Series 2006 Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Series 2006 Bonds is deductible for federal income tax purposes.

The opinions described above are subject to the condition that the District complies on a continuing basis with all requirements of the Code that must be satisfied subsequent to issuance of the Series 2006 Bonds for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2006 Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2006 Bonds.

The accrual or receipt of the interest on the Series 2006 Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Series 2006 Bonds.

UNDERWRITING

Crews & Associates, Inc., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2006 Bonds from the District at a price of $_____. The Underwriter will be obligated to purchase all of the Series 2006 Bonds if any are purchased. The Series 2006 Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

VERIFICATION OF CALCULATIONS

Griffith & Associates, Charleston, West Virginia, independent certified public accountants, will verify the mathematical accuracy of (1) the computations of the adequacy of monies to be deposited to the Series 1996 Bonds Sinking Fund to pay interest and to pay principal or redemption price of the Series 1996 Bonds then outstanding at the principal amount thereof; (2) the computations supporting the conclusions of Bond Counsel that the Series 2006 Bonds are not "arbitrage bonds" under Section 148 of the Code, as amended; and (3) the amount of savings stated to be achieved by the issuance of the Series 2006 Bonds shall in fact be saved, based upon such firm's review, comparison and analysis of the net interest cost in dollars of the Series 2006 Bonds and the net interest cost in dollars of the Series 1996 Bonds.

FINANCIAL STATEMENTS OF THE DISTRICT

Included herein as Appendix B are the 2005 financial statements (and reports with respect thereto) of the District as of June 30, 2005, audited by Johnathon P. Rice, CPA, Union, West Virginia.

CONTINUING DISCLOSURE

The District has agreed in the Supplemental Resolution to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2006 Bonds to provide certain financial and operating information (the "Annual Information") not later than 300 days following the end of the fiscal year of the District, commencing in 2007, and to provide the Annual Information to the Central Post Office, as defined in the Continuing Disclosure Agreement delivered by the District at closing, the form of which is included in Appendix E hereto, for delivery to each National Recognized Municipal Securities Information

Repository ("National Repository") and any State Information Depository ("State Depository"), if any, and to provide notice of the occurrence of the enumerated events to each National Repository or the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository.

This continuing disclosure obligation is being undertaken by the District to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The District has agreed to give notice in a timely manner to the Central Post Office for delivery to each National Repository, or the MSRB, and to each State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2006 Bonds. Registered Owners may contact the General Manager of the District at P.O. Box 1010, Lewisburg, West Virginia 24901, (304) 645-6632 for more information.

The District previously entered into a Continuing Disclosure Agreement, dated June 15, 1996 (the "1996 Agreement") with respect to the issuance of the Series 1996 Bonds. The 1996 Agreement required that the District provide annual financial information to the Repositories no later than 150 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 1996. The District made timely filing of its Fiscal Year 1996 and Fiscal Year 1997 Reports. Due to delays in the completion of final audits and a change in management, the District failed to file subsequent reports. On September 27, 2006, the District filed with DisclosureUSA.org its audited financial statement for Fiscal Years 1998, 1999, 2000, 2001, 2002, 2003, 2004 and 2005 along with the Notice of Failure to Provide Annual Financial Information as Required. The District intends to file its Fiscal Year 2006udited financial statements when available.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2006 Bonds.

Copies of the Resolution, the Prepayment Agreement, the Undertaking and other applicable documents may be obtained from the District at the following address:

Greenbrier Public Service District No. 1
Drawer 1010
Lewisburg, West Virginia 24901
(304) 645-6632
Attention: Manager

or, during the offering period for the Series 2006 Bonds, from the Underwriter.

The execution and distribution of this Official Statement has been duly authorized by the District.

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1

By: _____
Chairman

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Appendix A

THE SYSTEM AND THE SERVICE AREA

The District was created on March 17, 1967 by an order of The County Commission of Greenbrier County. The System serves 2,400 customers in a service area with a population approximately 5,000 people. Lewisburg, Fairlea and the unincorporated areas of eastern Greenbrier County are within the System's service area. The System was issued permit number WV0890010 by the West Virginia Department of Environmental Protection.

Description of the System

The wastewater collection system is comprised of approximately 377 linear feet of four (4) inch diameter gravity sewer line, 791 linear feet of six (6) inch diameter gravity sewer line, 131,055 linear feet of eight (8) inch diameter sewer line, 7,851 linear feet of 10 inch diameter gravity sewer line, 13,665 linear feet of 12 inch diameter gravity sewer line, 5,942 linear feet of 15 inch diameter gravity sewer line, 17,401 linear feet of 18 inch diameter gravity sewer line, 851 manholes, 22 cleanouts, 16 lift stations, 990 linear feet of two (2) inch diameter force main sewer line, 1,825 linear feet of four (4) inch diameter force main sewer line, 3,046 linear feet of three (3) inch diameter force main sewer line, 24,363 linear feet of six (6) inch diameter force main sewer line, 7,735 linear feet of 10 inch diameter force main sewer line, and other necessary appurtenances.

The District conveys wastewater to the City of Ronceverte wastewater treatment facility for ultimate treatment and discharge to the Greenbrier River. The City of Ronceverte wastewater treatment facility has a capacity of 1,200,000 gallons per day, of which the average flow is approximately 850,000 gallons per day. Of the average 850,000 gallons per day, the District contributes approximately 75% of the total flow, or about 637,500 gallons per day. The City of Ronceverte has an average daily flow of 212,500 gallons per day. The plant currently has excess capacity of approximately 350,000 gallons per day.

District Sewer Usage

Year Ended June 30	Total Gallons
2005	266,608,000
2004	244,299,000
2003	227,769,000
2002	183,679,000
2001	210,829,000
2000	196,509,000

Customer Background

Customer Count by Type

Year Ended June 30	Domestic	Commercial	Industrial	Public	Total
2006	1,894	452	6	43	2,395
2005	1,851	467	10	0 (4-well)	2,332
2004	1,831	455	11	0 (4-well)	2,301
2003	1,811	443	11	0 (4-well)	2,269
2002	1,764	422	11	0 (4-well)	2,201

Major Users (2005)

Customer	Consumption	Annual Revenues
1. Greenbrier Valley Medical Center	11,400,000	$58,368
2. Brier Inn Motel	5,532,000	$28,324
3. The Brier Nursing Home	4,260,000	$21,811
4. Greenbrier Manor	3,396,000	$17,388
5. Wal-Mart	3,252,000	$16,650
6. Tabor Towers	2,616,000	$13,394
7. Shoneys	2,088,000	$10,691
8. ABB Analytical	1,812,000	$9,277
9. Applebees	1,800,000	$9,216
10. The Seasons Care Home	1,440,000	$7,973

Estimated New Costumers

The System anticipates the following increases in customers in the following developments or subdivisions within this fiscal year:

Development	# of New Customers
Fairview Subdivision	11 (140 total over 5 years)
Westridge	44
Mountain View	22
Blackbird Village	55
Lamplighter	5

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Greenbrier Industrial Park	3 (45 next fiscal year)
Northern Lewisburg	38 (18 next fiscal year
Hillcrest	11
Greenbrier Pines	10

System Personnel

The System employs 6 full time employees with over 46 years of combined experience.

Rates

The current schedule of rates and charges has been in place since December 15, 2003. The following table sets for the current rates and charges.

Sewer System Rates and Charges
Rates per 1,000 Gallons

All Metered Customers	Current Rate
First 2,000 gallons used per month	$6.99
From 2,000-10,000 gallons used per month	$5.54
Over 10,000 gallons used per month	$5.12

Flat Rate Charge (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage - $27.83 per month

Minimum Charge

No bill will be rendered for less than the following:

Per Month $13.98

Surcharge

Bills are to be adjusted by the following charges to reflect refunding of escrow account:

First 2,000 gallons used per month	$(.595) per 1,000 gallons
From 2,000-10,000 gallons used per month	$(.470) per 1,000 gallons
Over 10,000 gallons used per month	$(.435) per 1,000 gallons

Minimum Charge	$(1.190) per month
Flat Rate Charge	$(2.370) per month

Service Connection Charge	$15.00

Public Service Commission

The tariffs, rates, joint rates, tolls and schedules of public service districts are subject to the general authority of the West Virginia Public Service Commission (the "PSC") to enforce, originate, establish, change and promulgate rates and charges.

Method of Accounting

The District maintains its accounts pertaining to the System on an accrual basis and in accordance with the guidelines of the West Virginia Public Service Commission. The records of the System for the fiscal years ended June 30 of each year have been audited and are available for public inspection at the District office or upon request from the West Virginia Public Service Commission.

Summary of Historical Revenues and Expenses

	Audit 2005	Audit 2004	Audit 2003
Operating Revenues	$1,053,781	$1,060,870	$996,398
Total Operating Expenses	$1,003,088	$1,047,262	$938,261
Total Operating Income	$50,693	$13,608	$58,137
Other Income/Expenses	($182,677)	($194,420)	($208,055)
Net Income	($131,984)	($180,812)	($149,918)
Depreciation and Amortization	$377,542	$381,148	$381,570
Interest Expense	$203,862	$212,189	$221,458
Cash Avail. For Debt Service	$449,420	$412,525	$453,110
Debt Service	$392,039	$384,675	$385,649
Coverage	1.15	1.07	1.17

Greenbrier County

Greenbrier County is located in southeast West Virginia, partly on the Allegheny Plateau. It is a resort region, with mineral springs and is partly located in the Monongahela National Forest.

Greenbrier County is named for the principal river that drains this part of the State. White Sulphur Springs has served as a well known health spa since 1778, when the county was created.

Lewisburg is the county seat of Greenbrier County. It has received recognition as "One of the Best Small Art Towns in America" and one of the National Geographic's Best Small Town Escapes. Much of the town is made up of a National Register Historic District due to its Civil War battle fought in May 1862.

History

During the early 18th century, the area now known as Greenbrier County was largely uninhabited. There were no known permanent Indian villages in the county and only a few trappers in the area. It wasn't until 1750 that colonist began to arrive; however all attempts to colonize the valley by Europeans failed until 1796. At that time, forts were constructed to protect the colonists, followed by many native limestone buildings.

The Civil War came to the county in 1861 and several battles were fought in the area including the Battle of Lewisburg in May 1862 and the Battle of Dry Run in August 1863.

Greenbrier County's lumber roots can be traced along the ancient buffalo paths that ran through the county's undisturbed forests full of deciduous trees. These trails led the first settler into Greenbrier County and eventually brought the Raine brothers, whom Rainelle is named for, to form the Meadow River Lumber Company in 1906.

When the Meadow River Lumber Company mill was constructed, it was considered the largest mill of its type in the world. The mill had the capability to produce 30 million board feet of lumber annually and made finished lumber, flooring, furniture and even shoe heels. Known for the quality of its oak hardwood flooring, the Waldorf Astoria Hotel in New York City as well as the Governors Reception Hall in the WV State Capitol building are shod in Greenbrier County lumber.

Mileage and Time to Major Cities

City	*Distance*	*Drive Time*
Atlanta, GA	489 Miles	8:47
Baltimore, MD	295 Miles	5:27
Charlotte, NC	253 Miles	4:17
Cincinnati, OH	366 Miles	6:06
Detroit, MI	517 Miles	8:57
Norfolk, VA	298 Miles	5:32
New York, NY	502 Miles	9:18
Philadelphia, PA	399 Miles	7:28
Pittsburgh, PA	263 Miles	5:03
Washington, DC	253 Miles	4:43

Source: Greenbrier County Convention & Visitors Bureau

Sex and Age

Male	16,556
Female	17,897
Ages 14 and below	6,099
Ages 15 to 19	2,215
Ages 20 to 24	1,784
Ages 25 to 34	3,873
Ages 35 to 44	5,123
Ages 45 to 54	5,295
Ages 55 to 64	3,963
Ages 65 and older	6,101
Median Age	41.6

Race

White	32,810
Black or African American	1,048
American Indian and Alaska Native	116
Asian	34
Native Hawaiian and Other Pacific	2
Some other race	53
Two or more races	360

Households

Total Households	14,571
Family Households	9,927
Non-Family Households	4,644
Persons 65 and Over, Living Alone	1,947
Average Household Size	2.32

Housing

Total Housing Units	17,644
Occupied Housing Units	14,571
Owner Occupied Units	11,156
Renter Occupied Units	3,415

Greenbrier County, WV - Population by Decades

Date	Population	Pop. Change	Annual % Change
1970	32,090	-2,356	-0.7
1980	37,665	5,575	1.6
1990	34,693	-2,972	-0.8
2000	34,453	-240	-0.1

Source: Bureau of Employment Programs

Economic Indicators

Per Capita Income (1999)	$19,630
Total Personal Income (1999)	$693,141,000

Employment and Wages Covered by Unemployment Compensation Programs

Employment, Annual Average 2000	12,559
Total Wages, Annual 2000	$293,287,130
Annual Wage, Annual Average, 2000	23,352
Weekly Wage, Annual Average, 2000	$449.09

Civilian Labor Force

15,560

Total Employment/Unemployment

13,840/630

Unemployment Rate

11.0

Employment and Unemployment Statistics Annual Averages

	2001	2002	2003	2004	2005
Civilian Labor Force	**15,810**	**15,560**	**15,070**	**15,010**	**15,180**
Total Employment	**14,830**	**13,840**	**14,130**	**14,150**	**14,280**
Total Unemployment	**990**	**630**	**950**	**860**	**900**
Unemployment Rate	**6.2**	**11.0**	**6.3**	**5.7**	**5.9**

Source: Bureau of Employment Programs

Top Ten Employers – March 2005

1. CSX Hotels, Inc. (The Greenbrier)
2. Greenbrier County Board of Education
3. Greenbrier Valley Medical Center
4. Wal-Mart Stores, Inc.
5. West Virginia Department of Highways
6. Greenbrier Resort Management
7. ABB, Inc.
8. West Virginia School of Osteopathic Medicine
9. Mullican Flooring
10. The Kroger Company

Source: Bureau of Employment Programs

Climate

Temperature (Degrees F) Mean Annual Average 51

January Averages	*High*	39	*Low*	18
July Averages	*High*	83	*Low*	59

Long Term Precipitation (inches)

January	2.69	July	4.39	Annual	38.8

Mean Annual Snowfall Range (inches) 25-80

Communications

Telecommunications
Verizon
Citizens Communications
Charter Communications

Cellular Service
Cellular One
US Cellular

Newspapers

Mountain Messenger
Pocahontas Times
Monroe Watchman
West Virginia Daily News

Television Stations
None

Cable Television Stations
Available in urban areas

Radio Stations
WJLS AM 56-FM 99.5
WKCJ-FM 103.1
WRLB FM 95.3
WRON FM 97.7 AM 1400
WSLW-AM 1310
Faith Communications

Rail Service: CSX, NF&G, Amtrak

Highways: Interstates: I-64, providing access to I-77, I-79 and I-81

US Routes: 60,219,250

WV Routes: **3,12,20,28,29,55,63,84,91,122,150,311**

Motor Freights: 10+

Overnight couriers/parcel services: yes

Bus service: Greyhound, Mountain Transit Authority

Nearest Ocean Ports: Baltimore, Norfolk/Hampton Roads

Airport: Greenbrier Valley Airport

Elevation: 2,303 feet

Runway: 7,004 feet

Commercial Airlines: US Air/Delta

Services Available: Restaurant, Taxi, Car Rental, Limousine, Charter aircraft, Aircraft servicing/maintenance, Hanger rental, Commercial air service is also available at Charleston (113 miles from Lewisburg) and Roanoke (85 miles).

Source: Greenbrier County Economic Development Commission

Recreational Facilities – Greenbrier County

Auditoriums	1	Parks	7
Baseball-Softball Fields	6	Stadiums	1
Indoor Basketball Courts	4	Indoor Tennis Courts	0
Outdoor Basketball Courts	5	Outdoor Tennis Courts	1
Swimming Pools	2	Indoor Theaters	0
Country Clubs	0	Outdoor Theaters	0
Playgrounds	10		

Education

The County has two high schools, Greenbrier East High School and Greenbrier West High School. The county has 2 middle/junior high schools that consist of Eastern and Western Greenbrier. There are a total of 10 elementary schools which include: Alderson, Crichton, Frankford, Lewisburg, Rainelle, Roceverte, Rupert, Smoot, White Sulphur Springs and Williamsburg Elementary.

There were a total of 319 public high school graduates in the 2003-2004 school year.

Colleges (within 50 miles)

School	***Type***	***Ownership***	***Enrollment***	***City***	***County***
New River Community and Technical College Center	2 year	Public	NA	Lewisburg	Greenbrier
WV School of Osteopathic Medicine	NA	Public	285	Lewisburg	Greenbrier

Quality of Life

Law Enforcement
Sheriff's Department — Lewisburg

State Police Detachments	Lewisburg, Rainelle	
Total Sworn Police Officers (all jurisdictions)		55
Fire Protection		
Number of Fire Departments*		15
Emergency Medical Services*		
# of Emergency Medical Services Responders		7
# of EMT's and Paramedics (inc. fire departments)		102

**Note: Some fire departments also provide emergency medical services*

Crime in 2004

- Murders: 0
- Rapes: 0
- Robberies: 0
- Assaults: 22
- Burglaries: 16
- Thefts: 38
- Auto Thefts: 7

Health Care		
Hospitals	1	Number of Beds: 122
Licensed Nursing Homes	4	Number of Beds: 318
Doctors	123	
Dentists	17	
Child Care		
Licensed Day Care Centers	11	

Source: Bureau of Employment Programs

Housing

Fair market rent in 2006 for a 1-bedroom apartment in Greenbrier County is $415 a month.
Fair market rent for a 2-bedroom apartment is $459 a month.
Fair market rent for a 3-bedroom apartment is $552 a month.

Housing units in structures:

- One, detached: 12,807
- One, attached: 157
- Two, 307
- 3-4: 377
- 5 to 9: 404

- 10 to 19: 94
- Mobile homes: 3, 113
- Boats, RVs, vans, etc.: 95

Interesting Facts

The oldest organized golf club in the United States was started in the Village of White Sulphur Springs. In 1884, Oakhurst Links was developed by Russell Montague and remains open today.

Lewisburg was named by the National Trust for Historic Preservation as one of a Dozen Destinations for 2004.

The West Virginia State Fair has been held in Fairlea every year since 1924 except for 1945 due to World War II.

Three Greenbrier County restaurants, The Greenbrier Resort, Food & Friends and the General Lewis Inn, were featured on The Food Network in 2004.

Greenbrier County is home to the world-famous Greenbrier resort, named the number one resort spa in North American and the Caribbean by Conde Nast Traveler magazine.

Source: Greenbrier County Convention & Visitors Bureau

Appendix B

Financial Statements of the District

Greenbrier Public Service
District No. 1

Financial Statements
And Supplementary Information

Years ended June 30, 2005 and 2004

{C1132026.5}

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Greenbrier Public Service District No. 1
Lewisburg, West Virginia

I have audited the accompanying balance sheet of Greenbrier Public Service District No. 1 as of June 30, 2005 and 2004, and the related statements of revenues and expenses, changes in fund equity, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenbrier Public Service District No. 1 as of June 30, 2005 and 2004 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 18, 2006, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

Johnathan P. Rice, CPA

Union, West Virginia
May 18, 2006

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Greenbrier Public Service District No. 1

MANAGEMENT'S DISCUSSION & ANALYSIS
For year ended June 30, 2005
(Unaudited)

Our discussion and analysis of Greenbrier Public Service District No. 1's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the District's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- The District's fund equity remained virtually unchanged as result of this year's operations. Fund equity decreased $124,484 or 1.7% from the prior year.
- During the year, operating income exceeded operating expenses by $50,693.
- Operating revenues decreased $7,089 or 0.7 % from the prior year.
- Operating expenses also decreased $44,174 or 4.2% from the prior year.
- The District reported a deficit of $131,984 this year.

USING THIS ANNUAL REPORT

This annual report consists of several financial statements. The balance sheet and statement of revenues and expenses (on pages 4 and 5) provide information on the activities of the District and present a longer-term view of the District's finances. The statement of changes in fund equity on page 6 provides an analysis of the change in fund equity. The statement of cash flows on page 7 provides an analysis of the sources and uses of cash. The schedule of operating expenses on page 16 provides a detail of the District's operating expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had $10,051,298 invested in capital assets, including the pumping system and equipment and collecting and transmission mains. This amount represents a net decrease (including additions and deductions) of $356,185 or 3.4% from the prior year. Please refer to note 2 of the financial statements for further analysis of capital assets.

Debt

At June 30, 2005, the District had $4,086,067 in bonds and notes outstanding. This amount represents a decrease of $198,974 or 4.6% from the prior year. Please refer to note 4 of the financial statements for further analysis of debt.

ASSETS

	June 30 2005	June 30 2004
Utility Plant		
Utility plant and equipment	$ 17,708,714	$ 17,708,714
Land and right of ways	195,694	195,694
Construction in progress	14,357	-
	17,918,763	17,904,408
Less accumulated depreciation	7,867,467	7,496,925
	10,051,298	10,407,483
Restricted Assets		
Revenue bond reserve accounts	367,641	367,641
Revenue bond service accounts	411,154	398,795
Revenue bond renewal and replacement accounts	45,986	46,636
Special account	299,243	432,682
Customer deposits	23,139	21,058
	1,147,165	1,266,812
Current Assets		
Cash and temporary investments	133,061	75,129
Accounts receivable, net	318,293	116,704
Prepaid expenses	6,032	5,786
	357,386	197,616
	$ 11,555,849	$ 11,871,911

FUND EQUITY AND LIABILITIES

Fund Equity		
Contributions in aid to construction	$ 10,974,732	$ 10,967,232
Retained earnings (deficit)	(3,618,201)	(3,486,217)
	7,356,531	7,481,015
Long-term debt, less current portion	3,686,823	4,086,611
Current Liabilities Payable From Restricted Assets		
Accrued interest on bonds payable	49,901	51,862
Current portion of long-term debt	199,244	198,430
Customer deposits	36,619	26,705
	285,764	276,997
Current Liabilities Payable From Current Assets		
Accounts payable and accrued expenses	26,731	27,288
	26,731	27,288
	$ 11,555,849	$ 11,871,911

The accompanying notes are an integral part of the financial statements

Greenbrier Public Service District No. 1
Statement of Revenues and Expenses

	Year Ended June 30	
	2005	2004
Operating Revenues		
Charges for services	$ 1,053,781	$ 1,060,870
Operating Expense		
Depreciation	370,542	373,148
Treatment and disposal	152,840	257,988
Pumping expenses	168,284	147,958
Administrative and general	166,013	161,489
Collecting expenses	107,885	64,985
Billing and collecting	21,316	26,411
Taxes	16,208	16,187
	1,003,088	1,047,262
Operating Income (Loss)	50,693	13,608
Nonoperating Revenues (Expenses)		
Interest income	20,675	12,103
Other Income	7,510	13,666
Premium paid on called bonds	-	-
Interest expense	(203,862)	(212,189)
Amortization of bond discounts	(7,000)	(8,000)
	(182,677)	(194,420)
Net Loss	$ (131,984)	$ (180,812)

The accompanying notes are an integral part of the financial statements

Greenbrier Public Service District No. 1
Statement of Changes in Fund Equity

	Contributions In Aid To Construction	Retained Earnings (Deficit)	Total
Balance at June 30, 2003	$ 10,959,732	$ (3,376,502)	$ 7,583,230
Sewer connection fee	7,500	-	7,500
Prior period adjustment	-	71,097	71,097
Net loss for year	-	(180,812)	(180,812)
Balance at June 30, 2004	10,967,232	(3,486,217)	7,481,015
Sewer connection fee	7,500	-	7,500
Prior period adjustment	-	-	-
Net loss for year	-	(131,984)	(131,984)
Balance at June 30, 2005	$ 10,974,732	$ (3,618,201)	$ 7,356,531

The accompanying notes are an integral part of the financial statements

Greenbrier Public Service District No. 1
Statement of Cash Flows

	Year ended June 30	
	2005	2004
Cash flows from operating activities		
Increase (decrease) in net assets	$ (131,984)	$ (180,812)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	370,542	373,148
(Increase) decrease in:		
Accounts receivable	(101,592)	(44,120)
Prepaid expenses	(246)	3,533
Increase (decrease) in		
Accounts payable and accrued expenses	(567)	2,954
Accrued revenue bond interest	(1,961)	(1,739)
Customer deposits	9,914	11,568
Net cash (used in) provided by operating activities	144,116	164,532
Cash flows from capital and related financing activities		
(Increase) decrease in restricted assets	119,647	61,455
Additions to land	-	(5,000)
Additions to transmission system	-	(8,082)
Additions to equipment	-	(18,750)
Additions to construction in progress	(14,357)	-
Payment on long-term debt	(185,177)	(172,486)
Payment on capital lease	(13,797)	(13,795)
Sewer connection fees	7,500	7,500
Net cash (used in) provided by capital and related financing activities	(86,184)	(149,158)
Net increase (decrease) in cash	57,932	15,374
Cash at beginning of year	75,129	59,755
Cash at end of year	$ 133,061	$ 75,129

The accompanying notes are an integral part of the financial statements

Note 1 – Summary of Significant Accounting Policies:

Greenbrier Public Service District No. 1 is a public corporation authorized under the Public Service Commission of the State of West Virginia. The District operates the sewerage system primarily for the City of Lewisburg.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement includes the following:

- For the first time the financial statements include a Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District is required to adopt the provisions of the statement in the current fiscal year ended June 30, 2004. The District has elected to apply the provisions prospectively.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Utility Plant

Plant and equipment in service are recorded at acquisition cost and deprectated over the estimated useful lives of the assets by using the straight-line method. Expenditures for maintenance and repairs are charged to expense as incurred whereas expenditures fro renewals and betterments are generally capitalized. The estimated useful lives of the assets range from 3 to 50 years.

Restricted Assets

Restricted assets primarily consist of accounts required to be maintained in accordance with the Service District's Bond Resolutions. The accounts are funded on a monthly basis and are used for payment of debt service requirements on the revenue bonds and for repair and replacement of the system.

Operating Revenues

Operating revenues are recognized at the time of customer billing.

Compensated Absences

The Organization provides an accrual for earned, but unpaid vacation time; however, no accrual is provided for earned, but unpaid sick time because the amount cannot be reasonably determined.

Income Taxes

Greenbrier Public Service District No. 1 is a not-for-profit public corporation exempt from Federal and State taxes on income; hence, no provision is made for these taxes.

Note 2 - Utility Plant and Equipment:

Components of utility plant and equipment at June 30, 2005 and 2004, and their estimated useful lives, are as follows:

		2005	2004
Pumping system, collecting and transmission mains, and pumping equipment	10-50 years	$17,485,391	$17,485,391
Tools, ship equipment, miscellaneous general plant equipment, and communication equipment	5-10 years	95,028	95,028

Office furniture and Equipment	5-10 years	70,575	70,575
Transportation equipment	3-5 years	57,720	57,720
		$17,708,714	$17,708,714

Utility plant and equipment at June 30, 2005 and 2004 contains fully depreciated assets aggregating $190,770 and $168,325 respectively.

Note 3 – Cash and Temporary Investments:

Cash and temporary investments at June 30, 2005 and 2004 include various currently maturing certificates of deposit aggregating $38,000 and $38,000respectively.

Note 4 – Long-Term Debt:

Long-term debt at June 30, 2005 and 2004 consist of the following:

	2005	2004
Variable rate (3.75% to 5.85%) $4,420,000 1996 Sewer Refunding Revenue Bonds payable in annual Installments on October 1 with Interest payable on April 1 and October 1 through 2019	$3,580,000	$3,740,000
Unamortized bond discount	(38,000)	(45,000)
	$3,542,000	$3,695,000
Non-interest bearing $910,000 1983 Sewer Revenue Bonds Series B payable in annual installments on October 1 through 2019	368,919	393,513
Total Bonds Payable	3,910,919	4,088,513
Less installments due within one Year and classified as current	184,595	184,595
	3,726,324	3,903,918

3.75% note payable to a bank, payable in monthly installments of $1,341 including interest, due September 14, 2008	31,742	45,539
Less installments due within one Year and classified as current	14,649	13,834
	17,093	31,705
Agreements payable	143,406	150,988
	$3,886,823	$4,086,611

The Series 1996 Bonds maturing on or after October 1, 2007, are subject to redemption prior to maturity at the option of the Issuer on or after October 1, 2006, in whole at any time and in part on any interest date, in inverse order of maturity, at the following redemption prices, (expressed as a percentage of the principal amount to be redeemed), plus accrued interest:

Period during which Redeemed (both dates Inclusive)	Redemption Price
October 1, 2006 to September 30, 2007	102%
October 1, 2007 to September 30, 2008	101
October 1, 2008 and thereafter	100

The Series 1996 Bonds maturing in the years 2015 and 2019 *the "Term Bonds") are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below, at the redemption price of 100% of the principal amount of each Bond so called for redemption, plus accrued interest:

Series 1996 Bonds Maturing October 1, 2015

Year	Principal Amount
2012	$185,000
2013	250,000
2014	260,000
2015	275,000

Series 1996 Bonds Maturing October 1, 2010

Year	Principal Amount
2016	$295,000
2017	310,000
2018	325,000
2019	345,000

The revenue bonds are secured by a pledge of net revenues to be derived from the operation of the System; further, the bonds do not constitute a corporate indebtedness of the issuer. The Bond Resolutions require that a debt service reserve is maintained and that annual contributions equal to the average annual principal and interest be made.

At June 30, 2005, the aggregate amount of future maturities of the bonds and the note payable are as follows:

Year Ending June 30	Bonds Payable	Note Payable
2006	$ 184,595	14,653
2007	194,595	15,516
2008	204,595	1,536
2009	214,595	0
Thereafter	3,140,539	0
	3,938,919	$ 31,705
Unamortized bond discount	(38,000)	
	$ 3,900,918	

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Commissioners
Greenbrier County PSD No. 1

I have audited the financial statements of Greenbrier County PSD No. 1 as of and for the year ended June 30, 2005, and have issued my report thereon dated May 18, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greenbrier County PSD No. 1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. The Public Service District does not meet the rate requirements of their Bond Resolution. The District's Bond Resolutions indicate that charges for services of the system, will pay all reasonable expenses of operation and repair and maintenance of the system and leave a balance each year equal to at least 115% of the maximum amounts required for debt service on all obligations. Based on my calculations, the rate structure of the District does not meet those requirements.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Greenbrier County PSD No. 1's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal

control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Union, West Virginia
May 18, 2006

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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Commissioners
Greenbrier Public Service District No. 1
Lewisburg, West Virginia

My report on my audit of the basic financial statements of Greenbrier Public Service District No. 1 appears on page 1. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Johnathan P. Rice, CPA

Union, West Virginia
May 18, 2006

Greenbrier Public Service District No. 1
Statement of Operating Expenses

	Year Ended June 30 2005	2004
Depreciation	$ 370,542	$ 373,148
Treatment and disposal		
Treatment expense	152,840	257,988
Pumping expenses		
Maintenance-equipment	24,102	27,254
Labor	53,757	53,570
Power and fuel	39,731	44,311
Engineering	17,409	21,228
Supplies and expense	18,495	161
Maintenance-structures	4,812	334
	168,284	147,058
Administrative and general		
Salaries	46,295	45,909
Employee welfare and pension	50,996	50,888
Office supplies and expense	23,137	16,527
Insurance	20,166	18,455
Rents	12,000	12,000
Employee and director expense	4,850	5,275
Regulatory commission	4,923	5,641
Legal services	-	1,027
Maintenance-general property	602	994
Miscellaneous general expense	3,054	4,778
	166,013	161,485
Collecting expenses		
Operation labor	53,757	53,570
Maintenance-plant	54,128	11,415
	107,885	64,985
Billing and collecting		
Billing, collecting, and accounting	14,227	18,331
Meter reading	5,000	5,500
Uncollectible accounts	2,089	2,580
	21,316	26,411
Taxes	16,208	16,187
	$ 1,003,088	$ 1,047,262

The accompanying notes are an integral part of the financial statements

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September 25, 2006

Greenbrier Public Service District #1
Lewisburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges currently in effect and anticipated operation and maintenance expenses and anticipated customer usage due to refinancing of the Sewer Refunding Revenue Bonds, Series 1996 and the Northern Lewisburg Sewer Extension Project, Phase 1, as furnished to me by Greenbrier Public Service District No. 1 (the "issuer"), it is my opinion that the current rates and charges will not be sufficient to provide revenues which, together with other revenues of the sewage system (the "system") of the issuer, to pay all repair, operation, and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on issuer's Sewer Refunding Revenue Bonds, Series 1996 (the "Bonds"), and all other obligations secured by or payable from the revenues of the System prior to, on a parity with, or junior to the bonds, including the issuer's Sewer Revenue Bonds, Series 1983 B (the "Series 1983 B Bonds").

Very truly yours,

Johnathan P. Rice, CPA

{C1132026.5}

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September 15, 2006

Greenbrier Public Service District #1
Lewisburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges currently in effect and current operation and maintenance expenses and current customer usage as furnished to me by Greenbrier Public Service District No. 1 (the "issuer"), it is my opinion that the current rates and charges are not sufficient to provide revenues which, together with other revenues of the sewage system (the "system") of the issuer, to pay all repair, operation, and maintenance expenses and leave a balance each year equal to at least 110% of the maximum amount required in any year for debt service on issuer's Sewer Refunding Revenue Bonds, Series 1996 (the "Bonds"), and all other obligations secured by or payable from the revenues of the System prior to, on a parity with, or junior to the bonds, including the issuer's Sewer Revenue Bonds, Series 1983 B (the "Series 1983 B Bonds").

Very truly yours,

Johnathan P. Rice, CPA

{C1132026.5}

Appendix C

Proposed Form of Bond Counsel Opinion

[LETTERHEAD OF STEPTOE & JOHNSON, PLLC]
(Form of Bond Counsel Opinion for Series 2006 Bonds)

November 15, 2006

Greenbrier Public Service District No. 1
(West Virginia)
Sewer Refunding Revenue Bonds,Series 2006 A

Greenbrier Public Service District No. 1 Lewisburg, West Virginia Crews & Associates, Inc. Charleston, West Virginia	

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Greenbrier Public Service District No. 1 (the "Issuer") of its $_____ in aggregate principal amount Sewer Refunding Revenue Bonds, Series 2006 A (the "Series 2006 Bonds").

The Series 2006 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 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on October 20, 2006, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on October 20, 2006 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2006 Bonds are issued in fully registered form, are dated November 1, 2006, upon original issuance, mature on November 1 in years and amounts and bear

interest payable each May 1 and November 1, commencing May 1, 2007, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Resolution.

The Series 2006 Bonds are issued for the purposes of (i) paying a portion of the costs necessary to currently refund all of the Issuer's outstanding Sewer Refunding Revenue Bonds, Series 1996, dated November 1, 2006, issued in the original aggregate principal amount of $4,420,000 (the "Series 1996 Bonds"); (ii) partially funding a reserve account for the Series 2006 Bonds and (iii) paying a portion of the costs of issuance of the Series 2006 Bonds and other costs in connection with such refunding.

The Series 2006 Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated October 24, 2006, and accepted by the Issuer (the "Purchase Agreement").

The Series 1996 Bonds will be currently refunded pursuant to a Prepayment Agreement dated the date hereof, by and between The Bank of New York (successor to One Valley Bank, National Association, corporate trust services) (the "Bank"), the West Virginia Municipal Bond Commission and the Issuer (the "Prepayment Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agent and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agent and with certain certificates delivered in connection with the issuance of the Series 2006 Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agent, the Prepayment Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2006 Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agent and has issued and delivered the Series 2006 Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agent constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2006 Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. The Series 2006 Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1983 B, dated June 23, 1983, originally issued in the aggregate principal amount of $910,000, (the "Series 1983 B Bonds"), with respect to liens, pledge and source of and security for payment and in all other respects all in accordance with the terms of the Series 2006 Bonds and the Resolution, as more fully defined and described in the Resolution.

5. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 Bonds (including original issue discount properly allocable to owners of the Series 2006 Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2006 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2006 Bonds should consult their own tax advisors as to such consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986,

as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2006 Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2006 Bonds to be includable in gross income retroactive to the date of issuance of the Series 2006 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2006 Bonds except as expressly set forth in paragraph 6.

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2006. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2006 Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2006 Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

8. The Series 1996 Bonds have been paid within the meaning and with the effect expressed in the 1996 Resolution and the Prepayment Agreement, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1996 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the Bank relating to the sufficiency of the moneys on deposit to provide for the payment on December 1, 2006, of the principal of, interest on and redemption premium of the Series 1996 Bonds.

9. The Series 2006 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2006 Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2006 Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2006 Bonds, the Resolution, the Continuing Disclosure Certificate and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. AR-1 through AR-___ of said issue, and in our opinion, said Series 2006 Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

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Appendix D

Summary of Certain Provisions of the Resolution

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain terms, provisions and covenants of the Resolution. This summary makes use of terms defined in the Resolution, certain of which are defined in "Definitions" which follows. This summary does not purport to be final, complete or definitive, and is qualified by reference to the Resolution in its entirety for the complete and actual terms, provisions and covenants thereof.

Definitions.

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2006 Bonds.

"Authority" means the West Virginia Water Development Authority, the original purchaser of the Series 1983 B Bonds, or its successor.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal Bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"Bonds" means, collectively, the Series 2006 Bonds, the Series 1983 B Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2006 Bonds, in substantially the form set forth in EXHIBIT A of the Resolution.

"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 2006 Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant to the Resolution, including, without limitation, the costs of refunding the Series 1996 Bonds (which amount shall reflect the determination of the Redemption Price of the Series 1996 Bonds), interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance and/or surety bonds, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2006 Bonds and the refunding of the Series 1996 Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 of the Resolution.

"Debt Service," with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC-eligible" means, with respect to the Series 2006 Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

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

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

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of ownership of proportionate interests in future interest and principal payments of such obligations; provided that, investments in such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Gross Revenues" means all rates, rents, fees, charges or other income (including, without limitation, sale proceeds) received by or accrued to the Issuer from the operation of the System, as calculated in accordance with generally accepted accounting principles.

"Independent 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 purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means Greenbrier Public Service District No. 1, a public service district and public corporation and political subdivision of the State of West Virginia, in Greenbrier County of said State, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"1996 Resolution" shall mean a resolution adopted by the Issuer on June 10, 1996, as amended and supplemented, authorizing the issuance of the Series 1996 Bonds.

"Net Proceeds" means the face amount of the Series 2006 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2006 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth in the Resolution, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2006 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.

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2006 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2006 Bonds.

"Operating Expenses" means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the Issuer relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

"Original Purchaser" means Crews & Associates, Incorporated, Charleston, West Virginia, as the purchasers of the Series 2006 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2006 Bonds

with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2006 Bonds directly from the Issuer, as determined by a resolution supplemental to the Resolution; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2006 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2006 Bonds.

"Outstanding," when used with reference to the Series 2006 Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under the Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01 of the Resolution; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission or other entity designated as such for the Series 2006 Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 of the Resolution.

"Prepayment Agreement" means the agreement to be entered into between the Issuer and the Paying Agent for the Series 1996 Bonds, providing for the defeasance of the Series 1996 Bonds, the deposit therein of proceeds of the Series 2006 Bonds, the disposition of moneys in the various funds and accounts of the Series 1996 Bonds under the 1996 Resolution and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Prior Resolution" shall mean the resolution adopted by the Issuer on August 15, 1980, as amended and supplemented authorizing issuance of the Series 1983 Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchase Price," for the purpose of computation of the Yield of the Series 2006 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2006 Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2006 Bonds of each maturity is sold or, if the Series 2006 Bonds are privately placed, the price paid by the first buyer of the Series 2006 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2006 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2006 Bonds.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(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 Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Record Date" means the day of the month which shall be so stated in the Series 2006 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of the Prior Bonds, the Series 2006 Bonds, or any other Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which the Series 2006 Bonds, the Series 1996 Bonds or any other Bonds of the Issuer may be called for redemption and includes the principal of and interest on such Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2006 Bonds, and any successor thereto appointed in accordance with Section 8.08 of the Resolution.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954, as amended.

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

"Resolution" means the Resolution of the Issuer adopted on October 20, 2006, authorizing the issuance of the Series 2006 Bonds, as supplemented.

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

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

"Series 1996 Bonds" means the Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, originally issued in the aggregate principal amount of $4,420,000, of which approximately $3,420,000 is presently outstanding.

"Series 1983 B Bonds" means the Sewer Revenue Bonds, Series 1983 B, dated June 23, 1983, originally issued in the aggregate principal amount of $910,000, of which approximately $344,324 is presently outstanding.

"Series 1983 B Bonds Sinking Fund" means the Series 1983 B Bonds Sinking Fund established pursuant to the Prior Resolution.

"Series 1983 B Bonds Reserve Account" means the Series 1983 B Bonds Reserve Account established pursuant to the Prior Resolution.

"Series 1983 B Bonds Reserve Requirement" means the amount required to be on deposit in the Series 1983 B Bonds Reserve Account pursuant to the Prior Resolution.

"Series 2006 Bonds" means the Sewer Refunding Revenue Bonds, Series 2006, of the Issuer, originally authorized to be issued pursuant to the Resolution.

"Series 2006 Bonds Redemption Account" means the Series 2006 Bonds Redemption Account established in the Series 2006 Bonds Sinking Fund pursuant to Section 4.02 of the Resolution.

"Series 2006 Bonds Reserve Account" means the Series 2006 Bonds Reserve Account established in the Series 2006 Bonds Sinking Fund pursuant to Section 4.02 of the Resolution.

"Series 2006 Bonds Reserve Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2006 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2006 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2006 Bonds.

"Series 2006 Bonds Sinking Fund" means the Series 2006 Bonds Sinking Fund established pursuant to Section 4.02 of the Resolution.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory of the Resolution or supplemental to the Resolution and, when preceded by the article "the," refers specifically to the Supplemental Parameters Resolution adopted by the Issuer on October 20, 2006, setting forth the parameters of the amounts, maturities, interest rates and other terms of the Series 2006 Bonds and authorizing the sale of the Series 2006 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" means, collectively, the complete public service properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include any additions, betterments, improvements or extensions thereto hereafter acquired or constructed 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.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 of the Resolution.

Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2006 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 2006 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2006 Bonds Sinking Fund and applied to payment of interest on the Series 2006 Bonds at the first interest payment date, if any.

B. The amount of the Series 2006 Bond proceeds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1996 Bonds (which amount shall be

set forth in the Prepayment Agreement) shall be deposited in the Series 1996 Sinking Fund held by the Bond Commission.

C. The amount of Series 2006 Bond proceeds equal to the Series 2006 Bonds Reserve Requirement shall be remitted to the Paying Agent and deposited in the Series 2006 Bonds Reserve Account; provided that, to the extent the Series 2006 Bonds Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Series 1996 Bonds pursuant to the 1996 Resolution, Series 2006 Bond proceeds shall be deposited in the Series 2006 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2006 Bonds Reserve Requirement.

D. The balance of the proceeds of the Series 2006 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2006 Bonds and miscellaneous costs of refunding the Series 1996 Bonds at the written direction of the Issuer. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with the Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Series 2006 Bonds Redemption Account established in Section 4.02 of the Resolution. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 2006 Bonds from which such proceeds are derived. All costs of issuance shall be paid within 90 days following the Closing Date and all moneys then remaining in the Costs of Issuance Fund shall be disbursed to the Issuer whereupon they may be used for any legal purpose of the System.

Designation of Bonds as "Qualified Tax-Exempt Obligations".

The Issuer hereby designates the Series 2006 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2006 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2006 Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2006.

Establishment of Funds and Accounts with Depository Bank.

Pursuant to the Resolution, the following special funds are hereby created (or continued if previously established or continued by the Prior Resolution) with, and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other, and used solely for the purposes provided in the Resolution and in the Prior Resolution:

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

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

(3) Costs of Issuance Fund; and

(4) Rebate Fund.

Establishment of Funds and Accounts with Paying Agent.

Pursuant to the Resolution, the following special funds and accounts are hereby created (or continued if previously established or continued by the Prior Resolution) with, and shall be held by, the Paying Agent, segregated from all other funds and accounts of the Paying Agent or the Issuer and from each other, and used solely for the purposes provided in the Resolution and in the Prior Resolution:

(1) Series 2006 Bonds Sinking Fund;

(a) Within the Series 2006 Bonds Sinking Fund;

(i) Series 2006 Bonds Reserve Account; and

(ii) Series 2006 Bonds Redemption Account.

System Revenues and Application Thereof.

So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolution. All Revenues

at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent (i) for deposit in the Series 1983 B Bonds Sinking Fund, the amounts required by the Prior Resolution for payment of interest on the Series 1983 B Bonds, and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2006 Bonds, for deposit in the Series 2006 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2006 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2006 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2006 Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent (i) for deposit in the Series 1983 B Bonds Sinking Fund, the amounts required by the Prior Resolution for payment of principal on the Series 1983 B Bonds and (ii) beginning on the first day of that month which is 12 months prior to the first principal payment date or mandatory redemption date of the Series 2006 Bonds, for deposit in the Series 2006 Bonds Sinking Fund and in the Series 2006 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 Bonds on the next ensuing principal payment date or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2006 Bonds Sinking Fund and the next ensuing principal payment date or mandatory redemption date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory

redemption date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2006 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Paying Agent for deposit into the Series 2006 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2006 Bonds Reserve Account below the Series 2006 Bonds Reserve Requirement or any withdrawal from the Series 2006 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2006 Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2006 Bonds Reserve Account is less than the Series 2006 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2006 Bonds Reserve Account for deposit into the Series 2006 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2006 Bonds Reserve Account to an amount equal to the Series 2006 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2006 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2006 Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month (as previously set forth in the Prior Resolution and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in Qualified Investments. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any reserve account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required) shall be promptly eliminated with moneys from the Renewal and Replacement Fund.

Moneys in the Series 2006 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 Bonds as

the same shall become due, whether by maturity or redemption prior to maturity. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2006 Bonds Sinking Fund when the aggregate amount of funds in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2006 Bonds issued pursuant to the Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2006 Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2006 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of such additional parity Bonds.

The payments into the Series 2006 Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Paying Agent with appropriate instructions as to the custody, use and application thereof consistent with the provisions of the Resolution.

Principal and interest payments, and any payments made for the purpose of funding any reserve account, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1983 B Bonds and the Series 2006 Bonds in accordance with the respective principal amounts then Outstanding.

Amounts in the Series 2006 Bonds Reserve Account shall be used only for the purpose of making payments of principal of and interest on the Series 2006 Bonds when due, when amounts in the Series 2006 Bonds Sinking Fund are insufficient therefor and for no other purpose.

The Issuer shall restore any withdrawals from the Series 2006 Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2006 Bonds Reserve Requirement from the first Net Revenues available after all other required payments to the Series 1983 B Bonds Sinking Fund and the Series 2006 Bonds Sinking Fund, including any deficiencies for

Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues after required deposits to the Series 2006 Bonds Sinking Fund and the Series 1983 B Bonds Sinking Fund have been made.

(D) All amounts representing accrued and capitalized interest shall be held by the Paying Agent, pledged solely to the payment of interest on the Series 2006 Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2006 Bonds Sinking Fund may be invested by the Paying Agent in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Arbitrage.

The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2006 Bonds in such manner and to such extent as may be necessary, so that the Series 2006 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 Bonds) so that the interest on the Series 2006 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.

Tax Certificate and Rebate.

A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2006 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 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 the Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums

as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything in the Resolution to the contrary, shall be paid from investment earnings on the underlying fund or account established under the Resolution and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge under the Resolution and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with the Resolution. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to the Resolution in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to maintain the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

Covenants Binding and Irrevocable.

All the covenants, agreements and provisions of under the Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2006 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of under the Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2006 Bonds, as hereinafter provided in the Resolution. All such covenants, agreements and provisions shall be irrevocable, except as provided in the Resolution, as long as any of the Series 2006 Bonds, or the interest thereon, are Outstanding and unpaid.

Bonds not to be Indebtedness of the Issuer.

The Series 2006 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2006 Bonds Sinking Fund and the Series 2006 Bonds Reserve Account therein, and the unexpended proceeds of the Series 2006 Bonds, all as provided in the Resolution. No Holder or Holders of the Series 2006 Bonds issued under the Resolution shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 Bonds or the interest thereon.

Bonds Secured by Parity Pledge of Net Revenues and Moneys in Sinking Fund.

The payment of the debt service of all of the Series 2006 Bonds issued under the Resolution shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1983 B Bonds, and all moneys and securities in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 2006 Bonds herein authorized, and to make the payments into the Series 2006 Bonds Sinking Fund, all moneys and securities in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein, and all other payments provided for in the Resolution, are hereby irrevocably pledged in the manner provided in the Resolution to the payment of the principal of and interest on the Series 2006 Bonds authorized in the Resolution as the same become due and for the other purposes provided in the Resolution.

Rates.

Prior to the issuance of the Series 2006 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules 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 and accounts created under the Resolution. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) as long as

the Series 2006 Bonds are outstanding, to leave a balance each year equal to at least 115% of the annual debt service on the Series 2006 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2006 Bonds, including the Series 1983 B Bonds.

The Issuer shall require that each annual audit contain a statement of the auditor that the Issuer either is or is not in compliance with the rate covenant contained in the Resolution. In the event that any audit contains a statement that the Issuer is not in compliance with the rate covenant contained in the Resolution, the Issuer hereby covenants that it shall, with in sixty (60) days of receiving the audit report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Operation and Maintenance.

The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in the Resolution.

Sale of the System.

So long as the Series 1983 B Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except as provided in the Prior Resolution. Additionally, so long as the Series 2006 Bonds are Outstanding, 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 Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to Paying Agent for deposit in the respective sinking funds, and otherwise as prescribed by Section 9.01 of the Resolution. Any balance remaining after such defeasance shall be remitted to the Issuer by the Paying Agent unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provisions 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 in the Resolution 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, is not in excess of

$50,000, the Issuer shall, in writing, 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 shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and 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 derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be remitted by the Issuer to the Paying Agent for deposit in the respective Sinking Fund. Such payment of such proceeds into the respective Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of the Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to pay all Bonds Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of 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.

Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances.

The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 of the Resolution, 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 the Net Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the Net 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 then Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by the Resolution and the Prior Resolution at the time of the issuance of such subordinate obligations have been made and are current.

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, except with respect to such additional parity Bonds, being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and Revenues of the System pledged for payment of the Bonds and the interest thereon in the Resolution or upon the System or any part thereof.

Additional Parity Bonds.

So long as the Series 1983 B Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no additional parity Bonds payable out of the Revenues of the System shall be issued after the issuance of any Bonds pursuant to the Resolution, except under the conditions and in the manner provided in the Resolution.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, additions, betterments or improvements to the System or refunding one or more series of Bonds issued pursuant to the Resolution, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Issuer a written statement by the Independent 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 additional 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 additional parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

(3) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds, and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such additional 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

inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30-day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

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

Events of Default.

Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in the Resolution or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

(C) 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

(D) If default occurs with respect to the Series 1983 B Bonds or the Prior Resolution.

Enforcement.

Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and the Resolution;

(C) Bring suit upon the Bonds;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of the Resolution or the rights of the Bondholders.

No remedy by the terms of the Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders under the Resolution or now or hereafter existing at law or by statute. All rights and remedies of the Holders of the Series 2006 Bonds shall be on a parity with those of the Holders of the Series 1983 B Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default under the Resolution by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Appointment of Receiver.

If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as provided in the Resolution and the

Appendix E

Proposed Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Certificate (the "Certificate") is made and entered into by the Greenbrier Public Service District No. 1, a political subdivision of the State of West Virginia (the "Issuer"), in connection with the issuance of its $_,___,000 Sewer Refunding Revenue Bonds, Series 2006 (the "Bonds"). The Bonds are being issued pursuant to the Issuer's Bond Resolution adopted on _____ __, 2006, and its Supplemental Resolution adopted on _____, 2006 (collectively, the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

Any filing under this Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution and the Bond Purchase Agreement dated _____ __, 2006, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Certificate.

"Beneficial Owner" shall mean any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Central Post Office" shall mean the MAC, which shall receive Annual Reports and Listed Events and then electronically transmit them to the National Repositories and the State Repository.

"Dissemination Agent" shall initially mean the Issuer and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Central Post Office for delivery to each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days following the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2007 Fiscal Year, provide to the Central Post Office for delivery to each Repository an Annual Report, which is consistent with the requirements of Section 4 of this Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and not later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Central Post Office for delivery to each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Within one hundred twenty (120) days after the end of its 2006 fiscal year and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Depository, unaudited general purpose financial statements of the Issuer, and

(b) Within fifteen (15) days after receipt by the Issuer of its 2006 fiscal year-end, and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Repository, core financial information and operating data of the Issuer for the prior fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted auditing principles in effect from time to time, and (ii) material historical quantitative data of the type found in the Official Statement under the caption "Financial Statements of the Issuer":

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities; and

11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of any of the Listed Events, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board, the Central Post Office for delivery to the National Repository and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated

person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it is any future Annual Report or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Certificate (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Certificate in the event of any failure of the Issuer to comply with this Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: _____ __, 2006

GREENBRIER PUBLIC SERVICE DISTRICT

By: _____
Chairman

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Greenbrier Public Service District

Name of Issue: $_,___,000 Greenbrier Public Service District
Sewer Refunding Revenue Bonds, Series 2006 A

Date of Issuance: _____ __, 2006

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated this _____.

GREENBRIER PUBLIC SERVICE DISTRICT

By: _____
Chairman

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of October 1, 2006

Central Post Office
Website: http://www.disclosureusa.org

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
FAX: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

NEW ISSUE-FULL BOOK ENTRY Non Rated

In the opinion of Bond Counsel, under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied the interest on the Series 2006 Bonds (i) is excludable from gross income of the owners thereof for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended (the "Code"), (ii) is not an item of tax preference fro purposes of the federal alternative minimum tax imposed on individuals and corporations, and (iii) under the laws of the State of West Virginia, the Series 2006 Bonds are exempt from taxation by the State of West Virginia, and the other taxing bodies of the State and the interest on the Series 20006 A Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State of West Virginia. In addition, Bond Counsel is of the opinion that the Series 2006 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code (see "Tax Matters" herein).

$3,185,000
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2006

Dated: November 1, 2006 **Due: October 1, as shown below**

The Series 2006 Bonds shall be issued only as fully registered Bonds, and when initially issued, will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry form only and beneficial owners of the Series 2006 Bonds will not receive physical delivery of bond certificates. So long as DTC or its nominee is the registered owner of the Series 2006 Bonds, payments of the principal of and interest on such Series 2006 Bonds will be made directly to DTC. Disbursements of such payments to DTC participants is the responsibility of DTC, and disbursement of such payments to the beneficial owners is the responsibility of DTC participants (see "THE SERIES 2006 BONDS--Book-Entry Only System" herein). The Series 2006 Bonds are subject to redemption prior to maturity as more fully stated herein.

The Series 2006 Bonds are being issued to provide funds, together with other moneys available therefor, to currently refund certain outstanding sewer refunding revenue bonds of Greenbrier Public Service District No. 1 (the "District"); to fund the Series 2006 Bonds Reserve Account; and to pay certain costs of issuance and related costs.

The Series 2006 Bonds are payable from and further secured by the net revenues derived from the existing sewerage collection system of the District and any additions, betterments and improvements thereto and from funds on deposit in the Series 2006 Bonds Sinking Fund created therefor, including the Series 2006 Bonds Reserve Account established therein. The Series 2006 Bonds do not constitute a corporate indebtedness of the District within the meaning of any constitutional or statutory provisions or limitations, and the District shall not be obligated to pay the Series 2006 Bonds, any premium or the interest thereon except from such net revenues and such funds on deposit. Neither the credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall a tax ever be levied for, the payment of the principal of or the premium, if any, or interest on the Series 2006 Bonds.

United Bank, Inc., Charleston, West Virginia, is Registrar and the West Virginia Municipal Bond Commission is Paying Agent for the Series 2006 Bonds. Interest on the Series 2006 Bonds is payable semiannually on each April 1 and October 1, commencing April 1, 2007. Principal of the Series 2006 Bonds is payable on each October 1 in accordance with the following schedule:

MATURITY SCHEDULE

Maturity	Amount	Interest Rate	Yield	CUSIP**
10/01/2007	$180,000	3.800%	3.850%	393685AU6
10/01/2008	205,000	4.000%	3.950%	393685AV4
10/01/2009	210,000	4.000%	3.999%	393685AW2
10/01/2010	220,000	4.000%	4.020%	393685AX0
10/01/2011	230,000	4.000%	4.040%	393685AY8
10/01/2012	185,000	4.000%	4.080%	393685AZ5
10/01/2013	250,000	4.000%	4.100%	393685BA9
10/01/2014	255,000	4.000%	4.120%	393685BB7
10/01/2015	265,000	4.100%	4.140%	393685BC5
10/01/2016	280,000	4.150%	4.170%	393685BD3
10/01/2017	290,000	4.150%	4.210%	393685BE1
10/01/2018	300,000	4.200%	4.240%	393685BF8
10/01/2019	315,000	4.200%	4.280%	393685BG6

The Series 2006 Bonds are offered when, as and if issued and received by the Underwriter, subject to prior sale, to withdrawal or modification of the offering without notice and to the unqualified approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Certain legal matters will be passed upon for the District by Steven Hunter, Esquire, Lewisburg, West Virginia, counsel to the District. Certain legal matters will be passed upon for the Underwriter by Jackson Kelly PLLC, Charleston, West Virginia, as counsel to the Underwriter. It is expected that the Series 2006 Bonds will be available for delivery at DTC, New York, New York, on or about November 15, 2006.

Dated: October 24, 2006

Crews&Associates

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2006 Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. No dealer, broker, salesman or other person has been authorized by Greenbrier Public Service District No. 1, or the Underwriter to give any information or to make any representations, other than as contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. The information set forth herein has been obtained from Greenbrier Public Service District No. 1 and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness and is not to be construed as a representation by the Underwriter. The information and any expression of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall under any circumstances create any implication that there has been no change in the affairs of Greenbrier Public Service District No. 1, since the date hereof.

The information contained in this Official Statement has been obtained from the District and other sources believed to be reliable, but the accuracy or completeness of such information is not guaranteed by, and should not be construed as a promise by any of the foregoing. The presentation of such information is intended to show recent historic information and is not intended to indicate future or continuing trends. No representation is made that the past experience, as shown by such financial and other information, will necessarily continue or be repeated in the future. This Official Statement contains, in part, estimates and matters of opinion, whether or not expressly stated to be such, which are not intended as statements or representation of fact or certainty, and no representation is made as to the correctness of such estimates and opinions, or that they will be realized. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District.

Forward-Looking Statements

This Official Statement, and particularly the information contained in Appendix A contains statements relating to future results that are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimated," "forecasted," "intended," "expected," "anticipated," "projected" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward-looking statements. Any forecast is subject to such uncertainties. Inevitably, some assumptions used to develop the forecasts will not be realized and unanticipated events and circumstances may occur. Therefore, there are likely to be differences between forecasts and actual results, and those differences may be material. For a discussion of certain of such risks and possible variations in results, see the information under "INVESTMENT CONSIDERATIONS."

The following sentence has been provided by the Underwriter for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The Notes will not be registered under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the Securities and Exchange Commission nor any other federal, state or other governmental entity or agency has determined or confirmed the accuracy of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2006 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

** CUSIP data on the cover page is provided by Standard & Poor's CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers on the cover page hereof are being provided solely for the convenience of the Owners of the Notes only at the time of issuance of the Notes and neither the Underwriter nor the District make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Notes.

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and the District shall not be obligated to pay the Series 2006 Bonds or any premium or the interest thereon except from such Net Revenues and such funds on deposit. The District has no taxing power. Pursuant to the Resolution, the District has covenanted and agreed to establish and collect just and equitable rates and charges sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) as long as the Series 2006 Bonds are outstanding, to leave a balance each year equal to at least 115% of the annual debt service on the Series 2006 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2006 Bonds, including the Series 1983 B Bonds. See "SECURITY FOR THE SERIES 2006 BONDS - Rate Covenant." The payment of the principal or redemption price of and interest on the Series 1996 Bonds will be made as described hereinafter under the heading "FINANCING PLAN."

The Series 2006 Bonds will share a first lien parity position on the District's Net Revenues with the Series 1983 B Bonds. The District may issue additional bonds on a parity with the Series 1983 B Bonds and Series 2006 Bonds for the purpose of (i) financing the cost of the construction or acquisition of extensions, additions, betterments or improvements to the System, (ii) refunding all or a portion of one or more series of bonds issued pursuant to the Resolution, or (iii) all of such purposes, subject, in each case, to certain tests and conditions provided for by the Resolution. See "SECURITY FOR THE SERIES 2006 BONDS - Additional Parity Bonds."

Brief descriptions of the Series 2006 Bonds, the Resolution, the refunding of the Series 1996 Bonds, the System, the District, ongoing disclosure and certain provisions of the Act, are set forth in this Official Statement, as well as other information contained in the appendices hereto. Such descriptions and information do not purport to be comprehensive or definitive. All references herein to the Resolution, the Supplemental Resolution, the Prepayment Agreement as hereinafter defined, provisions of the Act and other applicable laws of the State are qualified in their entirety by reference to each such document or law. References herein to the Series 2006 Bonds are qualified in their entirety by reference to the form thereof included in the Resolution and the information with respect thereto included in the aforesaid documents. Capitalized terms used and not otherwise defined in this Official Statement have the respective meanings given them in the Resolution.

FINANCING PLAN

The Series 2006 Bonds are being issued for the primary purpose of current refunding the Series 1996 Bonds. The Series 1996 Bonds will be redeemed on their first available redemption date, being December 1, 2006. The refunding is being undertaken to effect a savings in aggregate debt service for the District. The moneys required to refund and defease the Series 1996 Bonds will be deposited in or credited to a special and irrevocable trust fund designated "Greenbrier Public Service District No. 1 Sewer Refunding Revenue Bonds, Series 1996 A Bonds Escrow Fund" (the "Escrow Account") created under a prepayment agreement to be dated as of the date of delivery of the Series 2006 Bonds (the "Prepayment Agreement"), among the District, the West Virginia Municipal Bond Commission (the "Commission") and The Bank of New York (the "Bank"). The Escrow Account is to be held by the Bank in trust for the payment of the Series 1996 Bonds and for the benefit of the holders thereof.

Concurrently with the delivery of the Series 2006 Bonds, the net proceeds of sale of the Series 2006 Bonds will be deposited at the Commission. These funds together with the balances held on behalf of the Series 1996 Bonds at the Commission will be wired to cash fund the defeasance of Series 1996 Bonds. The money credited to and deposited in the Escrow Account will be sufficient to pay the redemption price of 102% of the aggregate principal amount of Series 1996 Bonds remaining outstanding on December 1, 2006, and the interest on the Series 1996 Bonds to and including December 1, 2006.

Upon the deposit of cash into the Escrow Account, the pledge of Net Revenues, the moneys remaining in the funds and accounts created under the Series 1996 Resolution and any other funds pledged by the Series 1996 Resolution will be discharged and satisfied, provided that Series 1983 B Bonds will continue to be secured by the Prior Resolution.

Sources and Uses of Funds

Sources of Funds

Principal Amount of Series 2006 Bonds	$	3,185,000.00
Moneys Available from the District (1)		619,342.12
Net Original Issue Discount		(11,197.65)
Accrued Interest on Series 2006 Bonds from 11/01/06 to 11/15/06		5,031.83
TOTAL	$	3,798,176.30

Uses of Funds

Deposit to Series 1996 Bonds Sinking Fund (2)	$	3,345,488.96
Deposit to Series 2006 Bonds Reserve Account (3)		330,550.00
Underwriter's Discount		63,700.00
Costs of Issuance		53,405.51
Deposit to Series 2006 Bonds Sinking Fund		5,031.83
TOTAL	$	3,798,176.30

(1) Certain moneys held by the West Virginia Municipal Bond Commission in the existing sinking fund and reserve account for the Series 1996 Bonds.

(2) The amount set forth in the Prepayment Agreement as required, together with the income thereon, to accomplish the refunding of the Series 1996 Bonds as described herein.

(3) An amount equal to the maximum amount of principal and interest which will come due on the Series 2006 Bonds in any year.

THE SERIES 2006 BONDS

General

The Series 2006 Bonds are dated November 1, 2006 and bear interest from said date upon original issuance. Any Series 2006 Bond issued on or subsequent to said first interest payment date will be dated as of the interest payment date next preceding the date of authentication thereof; unless the date of authentication is after the Record Date but prior to the applicable interest payment date or on such interest payment date on which interest on said Series 2006 Bond shall have been paid in full or duly provided for, in which case said Series 2006 Bond shall be dated such interest payment date; or, if interest on such Series 2006 Bond shall be in default, as shown by the records of the Registrar, as defined below, then any Series 2006 Bond issued in exchange for a Series 2006 Bond surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full. The Series 2006 Bonds will bear interest from their date, payable semiannually on each April 1 and October 1, commencing April 1, 2007, upon original issuance, at the rates per annum and will mature on October 1 in the years and in the amounts set forth on the cover page of this Official Statement.

The Series 2006 Bonds will be issued as fully registered bonds, in denominations of $5,000 and integral multiples thereof for any year of maturity. Interest on the Series 2006 Bonds is payable by check or draft made payable and mailed to the owners thereof at the addresses appearing in the books kept by United Bank, Inc., Charleston, West Virginia, as registrar (the "Registrar"), for the registration and transfer of bonds (the "Register") as of the fifteenth (15th) day of the month preceding such interest payment date (the "Record Date") or, in the event of a default in the payment of the Series 2006 Bonds, that special record date to be fixed by the Registrar by notice given to the owners not less than 10 days prior to said special record date, or, if requested, in the case of such an owner of $500,000 or more in principal amount of Series 2006 Bonds, by wire transfer to a domestic bank account specified in writing at least 5 days prior to the such interest payment date by such owner. Principal of and premium, if any, on the Series 2006 Bonds is payable to the owner thereof upon surrender thereof West Virginia Municipal Bond Commission, as paying agent (the "Paying Agent").

Book-Entry Bonds

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2006 Bonds (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning

of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC").

DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the

Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the security documents.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from District or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, nor its nominee, Paying Agent, or District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of District or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to District or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Security certificates are required to be printed and delivered.

10. The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that District believes to be reliable, but District takes no responsibility for the accuracy thereof.

No Assurance Regarding DTC Practices

The District cannot and does not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2006 Bonds (1) payments of principal of or interest and premium, if any, on the Series 2006 Bonds, (2) confirmation of beneficial ownership interest in the Series 2006 Bonds, or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2006 Bonds, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with Direct Participants are on file with DTC.

Neither the District nor the Paying Agent shall have any responsibility or obligation to any Direct Participant, Indirect Participant, Beneficial Owner or any other person with respect to (1) the accuracy of any records maintained by DTC or any Participant; (2) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of or interest on the Series 2006 Bonds; (3) the delivery by DTC or any Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Resolution to be given to Bondholders; or (4) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2006 Bonds.

Bonds - Optional Redemption

At the option of the District, the Bonds will be subject to redemption prior to maturity on or after October 1, 2012, at par.

Notice of redemption will be given to the registered owner or owners of the Bonds by the District by first class mail, postage prepaid, at least 30 days and not more than 60 days, prior to the date fixed for redemption.

So long as DTC (as CEDE & CO.) is the registered Owner of the Series 2006 Bonds, the Registrar shall send all notices of redemption to DTC and shall verify that DTC has received notice. Copies of all redemption notices relating to optional redemption of the Series 2006 Bonds shall also be sent to registered securities depositories and to *Standard & Poor's Called Bond Record.* All official notices of redemption shall be dated and shall state:

(1) The Redemption Date, (2) The Redemption Price, (3) If less than all outstanding Bonds are to be redeemed, the identification (and, in the case of partial redemption, the respective principal amounts) of the Series 2006 Bonds to be redeemed, (4) That on the Redemption Date the Redemption Price and interest accrued will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date, (5) The place where such Bonds are to be surrendered for payment of the Redemption Price, which place of payment shall be the principal office of the Paying Agent, and (6) Such other information, if any, as shall be required for DTC-eligible Bonds.

SECURITY FOR THE SERIES 2006 BONDS

The Series 2006 Bonds are special obligations of the District and are payable as to principal, premium, if any, and interest solely from the sources described below. The District is under no obligation to pay the Series 2006 Bonds except from said sources.

Sources of Payment

The payment of the debt service on the Series 2006 Bonds and the Series 1983 B Bonds shall be secured equally and ratably by a lien on the Net Revenues derived from the System. Net Revenues derived from the System in an amount sufficient to pay the principal of, premium, if any, and interest on the Series 2006 Bonds and the Series 1983 B Bonds and to make all other payments provided for in the Resolution are irrevocably pledged to such payments as they become due.

Rate Covenant

The District covenants and agrees in the Resolution that the schedule of rates and charges from time to time in effect shall be sufficient together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) as long as the Series 2006 Bonds are outstanding, to leave a balance each year equal to at least 115% of the annual debt service on the Series 2006 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2006 Bonds, including the Series 1983 B Bonds.

The District shall require that each annual audit contain a statement of the auditor that the District either is or is not in compliance with the rate covenant in the Resolution. In the event that any audit contains a statement that the District is not in compliance with the rate covenant contained in the Resolution, the District hereby covenants that it shall, within sixty (60) days of receiving the audit report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Series 2006 Bonds Reserve Account

Pursuant to the Resolution there will be created with the Commission the Series 2006 Bonds Reserve Account established in the Series 2006 Bonds Sinking Fund, in an amount equal to the Series 2006 Bonds Reserve Requirement. The "Series 2006 Bonds Reserve Requirement" is defined under the Resolution as the maximum amount of principal and interest which will come due on the Series 2006 Bonds in any year, assuming that the principal of any Term Bond is deemed due on the earlier of its stated maturity date or the date on which it is required to be redeemed pursuant to mandatory sinking fund redemption. Moneys in the Series 2006 Bonds Reserve Account shall be used only to pay principal of, or interest on the Series 2006 Bonds as due when other moneys in the Series 2006 Bonds Sinking Fund are insufficient therefor; provided, that no payments shall be required to be made into the Series 2006 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2006 Bonds Reserve Requirement. The District is required to restore any withdrawals from the Series 2006 Bonds Reserve Account which have the effect of reducing the assets therein below the Series 2006 Bonds Reserve Requirement from the first Net Revenues, and then from the Renewal and Replacement Fund, available after all other required payments to the Series 1983 B Bonds Sinking Fund and Series 2006 Bonds Sinking Fund, including any deficiencies for prior payments, have been made in full; provided that such restoration is not required when the aggregate amount of funds in the Series 1983 B Bonds Sinking Fund and Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein, is at least equal to the aggregate amount of Bonds then Outstanding, plus the amount of interest due or thereafter to become due on said Bonds then Outstanding.

Renewal and Replacement Accounts

The District is required after the payments into the sinking funds described below, on the first day of each month, to transfer to the Renewal and Replacement Fund a sum equal to not less than 2-1/2% of the Gross Revenues each month, exclusive of any payment for the Series 2006 Bonds Reserve Account in the Series 2006 Bonds Sinking Fund.

Withdrawals from the Renewal and Replacement Fund shall be made in the following priority:

(a) To pay for replacements, emergency repairs, improvements or extensions to the System, and

(b) To make up any deficiency in the Series 2006 Bonds Reserve Account.

Application of Revenues

All Gross Revenues are to be deposited in the Revenue Fund established with a State banking corporation or national banking association selected by the District (the "Depository Bank"), for disposition in the following order of priority: (1) first, to pay the current monthly Operating Expenses of the System; (2) next, for (i) monthly deposit in the Series 1983 B Bonds Sinking Fund, the amounts required, if any, by the Prior Resolution for

payment of interest on the Series 1983 B Bonds and, (ii) for monthly deposit in the Series 2006 Bonds Sinking Fund established with the Commission on the Series 2006 Bonds, a sum equal to 1/6 of the amount of interest which will become due on the Bonds on the next ensuing semiannual interest payment date; (3) next for (i) monthly deposit in the Series 2006 Bonds Sinking Fund established with the Commission, the amount required by the Prior Resolution for payment of principal of the Series 1983 B Bonds, and (ii) a sum equal to 1/12 of the amount of principal which will mature or be redeemed and become due on the Series 2006 Bonds on the next ensuing principal payment date or mandatory redemption date (provided, that until the first interest payment date, the District shall make equal monthly payments into the Series 2006 Bonds Sinking Fund in an amount which shall be reduced by any earnings credited to the Series 2006 Bonds Sinking Fund, if any, will be sufficient to pay principal and interest due on the first principal and interest date); (4) next, for restoration of any deficiency in the funding of the Series 2006 Bonds Reserve Account; and (5) then, for monthly transfer to the Renewal and Replacement Fund, a sum equal to not less than two and one-half percent of Gross Revenues (less any amount transferred to the Series 2006 Bonds Reserve Account) received during the preceding month.

As described under "Sources of Payment," above, the Series 2006 Bonds and the Series 1983 B Bonds are secured by the Net Revenues of the System.

Enforcement of Collections

The District covenants in the Resolution to diligently enforce and collect all fees, rates, 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, rates, rentals and other charges that 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. Under the Act, as hereinafter defined, all such rates and charges, if not paid when due, shall become a lien on the premises served by the System.

The District further covenants and agrees that it will, to the full extent permitted by law and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services and facilities of the System and any services and facilities of the waterworks system, if so owned by the District, to all delinquent users of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks system is not owned by the District, the District shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia. (See "THE SYSTEM - Customer Statistics.")

Additional Parity Bonds

The Resolution provides for the issuance of additional bonds on a parity with the Series 1983 B Bonds (limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable) and the Series 2006 Bonds with respect to their lien on the Net Revenues of the System and their source of and security for payment from said Net Revenues (the "Additional Parity Bonds") for the following purposes and under the following conditions:

> No such Additional Parity Bonds shall be issued except for the purpose of (i) financing the costs of the construction or acquisition of extensions, additions, betterments or improvements to the System, (ii) refunding one or more series of Bonds, or (iii) both such purposes.
>
> No such Additional Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the District a written statement by an Independent Certified Public Accountant 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 Additional 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 Additional Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:
>
> (1) The Series 2006 Bonds then Outstanding;
>
> (2) Any Additional Parity Bonds theretofore issued pursuant to the provisions contained the Resolution then Outstanding; and
>
> (3) The Additional 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 District and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such Additional 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 Accountant, on account of increased rates, rentals, fees and charges for the System adopted by the District and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to issuance of such Additional Parity Bonds.

The District may issue Additional Parity Bonds without compliance with any other conditions for the purpose refunding prior to maturity any of the Series 2006 Bonds, or portion thereof, if the aggregate debt service on said additional parity refunding Bonds and such Bonds that will remain outstanding following such issuance will not exceed in any year that such Bonds remain outstanding the debt service that would have been required in such year had the Bonds to be refunded by such additional parity refunding Bonds not been refunded.

No Additional Parity Bonds shall be issued at any time, however, unless all the payments into the respective funds and accounts provided for in the Resolution and in the Prior Resolution with respect to the Series 2006 Bonds and Series 1983 B Bonds then Outstanding, and any other payments provided for in the Resolution and in the 1983 Resolution, shall have been made in full as required to the date of delivery of the Additional Parity Bonds and the District shall then be in full compliance with all the covenants, agreements and terms in the Resolution and in the Prior Resolution.

THE DISTRICT

History and Development

Greenbrier Public Service District No. 1 was created by order of The County Commission of Greenbrier County (the "County Commission") in 1967 to provide wastewater collection service to an area in and around Lewisburg, West Virginia. Lewisburg and the surrounding area are located over the Greenbrier Limestone formation which outcrops at the ground surface over nearly all of its developed residential neighborhoods and commercial zones. The surface is marked by sinkholes, depressions, and solution cavities which are characteristic of Karst limestone topography. The absence of well developed surface drainage patterns, also typical of Karst topography, is very evident locally.

Prior to the formation of the District in 1967, there was no collection and treatment system in the area. Sewage from businesses and residences found its way directly to the groundwater through pipe outlets buried in sinkholes, drilled openings, or septic tanks with drainfields in sinkhole basins. Without filtering and natural treatment provided by slow percolation through suitable soils, these discharges to underground solution cavities and caves produced contamination in wells and elevated bacteria counts and measured pollution at major springs along the Greenbrier River. While this problem is not yet completely solved, the collection system has dramatically improved water quality.

Public Service Board

The District is governed by a three-member Public Service Board the members of which are appointed by the County Commission for staggered six year terms. Annually at the first calendar month meeting, the Board must elect officers including a Chairman and a

Secretary/Treasurer. The Secretary/Treasurer need not be a member of the Board. The Board members, officers, terms and occupations are listed below:

Board	Term	Occupation
Daniel Withrow, Chairman	July 1, 2004-June 30, 2010	Self-Employed
Doug Warren, Secretary	July 1, 2002-June 30, 2008	Adjuster
Marshall Musser, Treasurer	July 1, 2006-June 30, 2012	Retired

The Board employs a manager for the System and other personnel and consultants. David Gray has been the District's General Manager for the past year. Mr. Gray, who has an engineering degree from the West Virginia Institute of Technology, joined the District's staff in 2005. In addition to the General Manager, the Board has five full-time employees.

Steven Hunter, Esq. provides legal services, Blake & Boone, Certified Public Accounts, accounting services and Criss Haynes, engineering services.

A description of the District's System is set forth in Appendix A – "The System and the Service Area."

DEBT SERVICE REQUIREMENTS

The following table sets forth for each year the amounts payable as principal of and interest on the Series 2006 Bonds and the Series 1983 B Bonds:

Year Ended June 30	2006 Bonds Principal	2006 Bonds Interest	1983 B Bonds Principal	Total
2007	$0.00	$53,912.50	$24,595.00	$78,507.50
2008	180,000.00	125,970.00	24,595.00	330,565.00
2009	205,000.00	118,450.00	24,595.00	348,045.00
2010	210,000.00	110,150.00	24,595.00	344,745.00
2011	220,000.00	101,550.00	24,595.00	346,145.00
2012	230,000.00	92,550.00	24,595.00	347,145.00
2013	185,000.00	84,250.00	24,595.00	293,845.00
2014	250,000.00	75,550.00	24,595.00	350,145.00
2015	255,000.00	65,450.00	24,595.00	345,045.00
2016	265,000.00	54,917.50	24,595.00	344,512.50
2017	280,000.00	43,675.00	24,595.00	348,270.00
2018	290,000.00	31,847.50	24,595.00	346,442.50
2019	300,000.00	19,530.00	24,595.00	344,125.00
2020	315,000.00	6,615.00	24,595.00	346,210.00
Total	$3,185,000.00	$984,417.50	$344,330.00	$4,513,747.50

Coverage Ratios

Under the Resolution, the District has covenanted to collect fees and charges such that Net Revenues available for debt service are not less than 115% of the maximum amount of debt service in any year on all Bonds. See "SECURITY FOR THE SERIES 2006 BONDS -- Rate Covenant," herein.

The Summary of Historical Revenue and Expenses and the historical debt service coverage ratios is set forth in Appendix A.

Management's Discussion

The District has experienced steady growth over its life and this growth is expected to continue. To maintain the System and respond to the growth, projects of various sizes have been proposed, developed, and completed in succession year by year. This process is expected to continue.

The Karst topography influences construction costs because the rock present raises line installation expenses and the irregular terrain requires more pump stations. The Karst topography also creates special environmental problems. The challenge is to continue

to serve the needs of the area and work with its environmental problems in a way that maximizes the use of the available funds. It is believed that the projects planned for the immediate future meet this challenge. The decline is debt service coverage from FY 2003 to FY 2004 can be attributed to an increase in expenses due to repairs made to the wastewater treatment plant in Ronceverte, West Virginia.

INVESTMENT CONSIDERATIONS

The District does not have direct control over the Net Revenues it produces. The District's rates and charges are set by the Commission following a public notice and review process. The District cannot automatically increase rates, thereby increasing Net Revenues, if customer numbers or customer usage decline or if operation and maintenance expenses increase significantly.

LITIGATION

There is no litigation or other proceeding pending or, to the knowledge of the District, threatened to restrain or enjoin the issuance, sale or delivery of the Series 2006 Bonds, or in any way contesting the validity or enforceability of the Series 2006 Bonds, the proceedings pursuant to which the Series 2006 Bonds are issued, or the collection, application or pledge of the Net Revenues and other moneys purported to be pledged by the Resolution.

LEGAL MATTERS

The authorization and issuance of the Series 2006 Bonds are subject to the approval of legality by Steptoe & Johnson PLLC, Charleston, West Virginia, Bond Counsel. Bond Counsel will render an opinion in substantially the form set forth in Appendix C to this Official Statement. Certain legal matters will be passed upon for the District by its counsel, Steven Hunter, Esq., Lewisburg, West Virginia, and for the Underwriter by its counsel, Jackson Kelly PLLC, Charleston, West Virginia.

TAX MATTERS

In the opinion of Steptoe & Johnson PLLC, Bond Counsel, under existing laws, regulations, published rulings and judicial decisions, the interest on the Series 2006 Bonds (a) is excludable from gross income for federal income tax purposes, assuming compliance with certain provisions described herein pertaining to the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code"), (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and (c) under existing West Virginia law, the Series 2006 Bonds are exempt from all taxation by the State of West Virginia or any taxing body of the State and the interest on the Series 2006 Bonds is exempt from personal and corporate income taxes imposed directly thereon by the State West Virginia. For the purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account

in determining adjusted net book income (adjusted current earnings for taxable years beginning after December 31, 1989).

The District has designated the Series 2006 Bonds as "qualified tax-exempt obligations" and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds) during the calendar year 2006. Therefore, the Series 2006 Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code, and the provision of the Code which disallows all deductibility of interest expense incurred by financial institutions on debt incurred or to purchase or carry most tax-exempt obligations does not apply to the Series 2006 Bonds; accordingly, 80% of the interest expense of a financial institution incurred for the purpose of purchasing or carrying the Series 2006 Bonds is deductible for federal income tax purposes.

The opinions described above are subject to the condition that the District complies on a continuing basis with all requirements of the Code that must be satisfied subsequent to issuance of the Series 2006 Bonds for interest thereon to be or continue to be excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the interest on the Series 2006 Bonds to be included in the gross income of the recipients thereof for purposes of federal income taxation retroactively to the date of issuance of the Series 2006 Bonds.

The accrual or receipt of the interest on the Series 2006 Bonds may otherwise affect the federal income tax liability of certain recipients. The extent of these and other consequences will depend upon the recipient's particular tax status or other consequences will depend upon the recipient's particular tax status or other items of income or deduction. Bond Counsel expresses no opinion regarding any such consequences, and investors should consult their tax advisors regarding the tax consequences of purchasing or holding the Series 2006 Bonds.

Original Issue Discount/Original Issue Premium

The initial public offering price of the Series 2006 Bonds maturing on October 1, 2007 and October 1, 2010 through and including October 1, 2019 (the "Discount Bonds") is less than that amount payable on such Discount Bonds at maturity. The difference between the initial public offering price at which such Discount Bonds were sold and the amount payable at maturity constitutes an original issue discount ("OID"). In the case of any original Holder of a Discount Bond, the amount of the OID which is treated as having accrued with respect to such Discount Bond is added to the cost basis of the Holder in determining, for Federal income tax purposes, gain or loss upon its disposition (including its sale, redemption or payment at maturity). Bond Counsel is of the opinion that amounts received upon such disposition, which are attributable to accrued OID, will be treated as tax-exempt interest, rather than as taxable gain for Federal income tax purposes.

Interest in the form of OID is treated as compounding semiannually on days which are determined by reference to the maturity date of the Discount Bonds. The amount of

OID, which is treated as having accrued in respect of a Discount Bond for any particular semiannual compounding period, is equal to the difference between the product of (a) one-half of the yield for the Discount Bonds (adjusted as necessary for an initial short period) and (b) the tax basis of the Discount Bond during such period. For purposes of the preceding sentence, the tax basis of a Discount Bond, if held by an original purchaser, can be determined by adding to the initial public offering price of such Discount Bond the OID that is treated as having accrued during all prior semiannual compounding periods. If a Discount Bond is sold or otherwise disposed of between semiannual compounding dates, the OID that would have accrued for that semiannual compounding period for Federal income tax purposes is to be apportioned in equal amount among the days in such compounding period.

Holders of Discount Bonds should consult their own tax advisors with respect to the determination for Federal income tax purposes of OID accrued upon sale or redemption of such Discount Bonds, and with respect to the state and local tax consequences of owning such Discount Bonds.

The Series 2006 Bonds maturing on October 1, 2008 ("OIP Bonds"), will be sold with an original issue premium ("OIP"). The original issue premium will be equal to the excess of a holder's tax basis in the OIP Bonds over the amount payable at maturity, or in the case of OIP Bonds subject to redemption, the amount payable on the redemption date. Under current law, the original issue premium for OIP Bonds must be amortized on an annual basis by the holder thereof. The amount of original issue premium amortized each year will not be deductible for federal income tax purposes. Further, Section 1016 of the Code requires that the amount of annual amortization for the OIP Bonds be deducted from the holder's tax basis in such OIP Bonds. This reduction in a holder's tax basis will affect the amount of capital gain or loss to be recognized by the holder when the OIP Bonds are sold or redeemed. Holders of OIP Bonds should consult their tax advisors with respect to the determination and treatment of amortizable original issue premium for federal income tax purposes, and with respect to the state and local tax consequences of owning such OIP Bonds.

UNDERWRITING

Crews & Associates, Inc., as Underwriter, has agreed, subject to certain conditions, to purchase the Series 2006 Bonds from the District at a price of $3,115,134.18 (less an Underwriter's discount of $63,700, an original issue discount of $11,197.65, plus accrued interest of $5,031.83 on the Series 2006 Bonds from November 1 to November 15, 2006). The Underwriter will be obligated to purchase all of the Series 2006 Bonds if any are purchased. The Series 2006 Bonds may be offered and sold to certain dealers (including investment trusts, certain of which may be sponsored or managed by the Underwriter) at prices lower than the public offering price stated on the cover page of this Official Statement, and such public offering price also may be changed without prior notice, from time to time, by the Underwriter.

VERIFICATION OF CALCULATIONS

Griffith & Associates, Charleston, West Virginia, independent certified public accountants, will verify the mathematical accuracy of (1) the computations of the adequacy of monies to be deposited to the Series 1996 Bonds Sinking Fund to pay interest and to pay principal or redemption price of the Series 1996 Bonds then outstanding at the principal amount thereof; (2) the computations supporting the conclusions of Bond Counsel that the Series 2006 Bonds are not "arbitrage bonds" under Section 148 of the Code, as amended; and (3) the amount of savings stated to be achieved by the issuance of the Series 2006 Bonds shall in fact be saved, based upon such firm's review, comparison and analysis of the net interest cost in dollars of the Series 2006 Bonds and the net interest cost in dollars of the Series 1996 Bonds.

FINANCIAL STATEMENTS OF THE DISTRICT

Included herein as Appendix B are the 2005 financial statements (and reports with respect thereto) of the District as of June 30, 2005, audited by Johnathon P. Rice, CPA, Union, West Virginia.

CONTINUING DISCLOSURE

The District has agreed in the Supplemental Resolution to an undertaking (the "Undertaking") for the benefit of the Registered Owners of the Series 2006 Bonds to provide certain financial and operating information (the "Annual Information") not later than 300 days following the end of the fiscal year of the District, commencing in 2007, and to provide the Annual Information to the Central Post Office, as defined in the Continuing Disclosure Agreement delivered by the District at closing, the form of which is included in Appendix E hereto, for delivery to each National Recognized Municipal Securities Information Repository ("National Repository") and any State Information Depository ("State Depository"), if any, and to provide notice of the occurrence of the enumerated events to each National Repository or the Municipal Securities Rulemaking Board ("MSRB") and to any State Depository.

This continuing disclosure obligation is being undertaken by the District to assist the Underwriter in complying with Rule 15c2-12 promulgated by the SEC. The District has agreed to give notice in a timely manner to the Central Post Office for delivery to each National Repository, or the MSRB, and to each State Depository of any failure to supply the requested information. However, any such failure will not constitute a default under the terms of the Series 2006 Bonds. Registered Owners may contact the General Manager of the District at P.O. Box 1010, Lewisburg, West Virginia 24901, (304) 645-6632 for more information.

The District previously entered into a Continuing Disclosure Agreement, dated June 15, 1996 (the "1996 Agreement") with respect to the issuance of the Series 1996 Bonds. The 1996 Agreement required that the District provide annual financial information to the

Repositories no later than 150 days after the end of each Fiscal Year, commencing with the Fiscal Year ended June 30, 1996. The District made timely filing of its Fiscal Year 1996 and Fiscal Year 1997 Reports. Due to delays in the completion of final audits and a change in management, the District failed to file subsequent reports. On September 27, 2006, the District filed with DisclosureUSA.org its audited financial statement for Fiscal Years 1998, 1999, 2000, 2001, 2002, 2003, 2004 and 2005 along with the Notice of Failure to Provide Annual Financial Information as Required. The District intends to file its Fiscal Year 2006udited financial statements when available.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of such statements will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2006 Bonds.

Copies of the Resolution, the Prepayment Agreement, the Undertaking and other applicable documents may be obtained from the District at the following address:

Greenbrier Public Service District No. 1
Drawer 1010
Lewisburg, West Virginia 24901
(304) 645-6632
Attention: Manager

or, during the offering period for the Series 2006 Bonds, from the Underwriter.

The execution and distribution of this Official Statement has been duly authorized by the District.

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1

By: /s/ Daniel Withrow
Chairman

Appendix A

THE SYSTEM AND THE SERVICE AREA

The District was created on March 17, 1967 by an order of The County Commission of Greenbrier County. The System serves 2,400 customers in a service area with a population approximately 5,000 people. Lewisburg, Fairlea and the unincorporated areas of eastern Greenbrier County are within the System's service area. The System was issued permit number WV0890010 by the West Virginia Department of Environmental Protection.

Description of the System

The wastewater collection system is comprised of approximately 377 linear feet of four (4) inch diameter gravity sewer line, 791 linear feet of six (6) inch diameter gravity sewer line, 131,055 linear feet of eight (8) inch diameter sewer line, 7,851 linear feet of 10 inch diameter gravity sewer line, 13,665 linear feet of 12 inch diameter gravity sewer line, 5,942 linear feet of 15 inch diameter gravity sewer line, 17,401 linear feet of 18 inch diameter gravity sewer line, 851 manholes, 22 cleanouts, 16 lift stations, 990 linear feet of two (2) inch diameter force main sewer line, 1,825 linear feet of four (4) inch diameter force main sewer line, 3,046 linear feet of three (3) inch diameter force main sewer line, 24,363 linear feet of six (6) inch diameter force main sewer line, 7,735 linear feet of 10 inch diameter force main sewer line, and other necessary appurtenances.

The District conveys wastewater to the City of Ronceverte wastewater treatment facility for ultimate treatment and discharge to the Greenbrier River. The City of Ronceverte wastewater treatment facility has a capacity of 1,200,000 gallons per day, of which the average flow is approximately 850,000 gallons per day. Of the average 850,000 gallons per day, the District contributes approximately 75% of the total flow, or about 637,500 gallons per day. The City of Ronceverte has an average daily flow of 212,500 gallons per day. The plant currently has excess capacity of approximately 350,000 gallons per day.

District Sewer Usage

Year Ended June 30	Total Gallons
2005	266,608,000
2004	244,299,000
2003	227,769,000
2002	183,679,000
2001	210,829,000
2000	196,509,000

Customer Background

Customer Count by Type

Year Ended June 30	Domestic	Commercial	Industrial	Public	Total
2006	1,894	452	6	43	2,395
2005	1,851	467	10	0 (4-well)	2,332
2004	1,831	455	11	0 (4-well)	2,301
2003	1,811	443	11	0 (4-well)	2,269
2002	1,764	422	11	0 (4-well)	2,201

Major Users (2005)

Customer	Consumption	Annual Revenues
1. Greenbrier Valley Medical Center	11,400,000	$58,368
2. Brier Inn Motel	5,532,000	$28,324
3. The Brier Nursing Home	4,260,000	$21,811
4. Greenbrier Manor	3,396,000	$17,388
5. Wal-Mart	3,252,000	$16,650
6. Tabor Towers	2,616,000	$13,394
7. Shoneys	2,088,000	$10,691
8. ABB Analytical	1,812,000	$9,277
9. Applebees	1,800,000	$9,216
10. The Seasons Care Home	1,440,000	$7,973

Estimated New Costumers

The System anticipates the following increases in customers in the following developments or subdivisions within this fiscal year:

Development	# of New Customers
Fairview Subdivision	11 (140 total over 5 years)
Westridge	44
Mountain View	22
Blackbird Village	55
Lamplighter	5

Greenbrier Industrial Park	3 (45 next fiscal year)
Northern Lewisburg	38 (18 next fiscal year
Hillcrest	11
Greenbrier Pines	10

System Personnel

The System employs 6 full time employees with over 46 years of combined experience.

Rates

The current schedule of rates and charges has been in place since December 15, 2003. The following table sets for the current rates and charges.

Sewer System Rates and Charges
Rates per 1,000 Gallons

All Metered Customers	Current Rate
First 2,000 gallons used per month	$6.99
From 2,000-10,000 gallons used per month	$5.54
Over 10,000 gallons used per month	$5.12

Flat Rate Charge (customers with non-metered water supply)

Equivalent of 4,500 gallons of water usage - $27.83 per month

Minimum Charge

No bill will be rendered for less than the following:

Per Month	$13.98

Surcharge

Bills are to be adjusted by the following charges to reflect refunding of escrow account:

First 2,000 gallons used per month	$(.595) per 1,000 gallons
From 2,000-10,000 gallons used per month	$(.470) per 1,000 gallons
Over 10,000 gallons used per month	$(.435) per 1,000 gallons

Minimum Charge	$(1.190) per month
Flat Rate Charge	$(2.370) per month
Service Connection Charge	$15.00

Public Service Commission

The tariffs, rates, joint rates, tolls and schedules of public service districts are subject to the general authority of the West Virginia Public Service Commission (the "PSC") to enforce, originate, establish, change and promulgate rates and charges.

Method of Accounting

The District maintains its accounts pertaining to the System on an accrual basis and in accordance with the guidelines of the West Virginia Public Service Commission. The records of the System for the fiscal years ended June 30 of each year have been audited and are available for public inspection at the District office or upon request from the West Virginia Public Service Commission.

Summary of Historical Revenues and Expenses

	Audit 2005	Audit 2004	Audit 2003
Operating Revenues	$1,053,781	$1,060,870	$996,398
Total Operating Expenses	$1,003,088	$1,047,262	$938,261
Total Operating Income	$50,693	$13,608	$58,137
Other Income/Expenses	($182,677)	($194,420)	($208,055)
Net Income	($131,984)	($180,812)	($149,918)
Depreciation and Amortization	$377,542	$381,148	$381,570
Interest Expense	$203,862	$212,189	$221,458
Cash Avail. For Debt Service	$449,420	$412,525	$453,110
Debt Service	$392,039	$384,675	$385,649
Coverage	1.15	1.07	1.17

Greenbrier County

Greenbrier County is located in southeast West Virginia, partly on the Allegheny Plateau. It is a resort region, with mineral springs and is partly located in the Monongahela National Forest.

Greenbrier County is named for the principal river that drains this part of the State. White Sulphur Springs has served as a well known health spa since 1778, when the county was created.

Lewisburg is the county seat of Greenbrier County. It has received recognition as "One of the Best Small Art Towns in America" and one of the National Geographic's Best Small Town Escapes. Much of the town is made up of a National Register Historic District due to its Civil War battle fought in May 1862.

History

During the early 18th century, the area now known as Greenbrier County was largely uninhabited. There were no known permanent Indian villages in the county and only a few trappers in the area. It wasn't until 1750 that colonist began to arrive; however all attempts to colonize the valley by Europeans failed until 1796. At that time, forts were constructed to protect the colonists, followed by many native limestone buildings.

The Civil War came to the county in 1861 and several battles were fought in the area including the Battle of Lewisburg in May 1862 and the Battle of Dry Run in August 1863.

Greenbrier County's lumber roots can be traced along the ancient buffalo paths that ran through the county's undisturbed forests full of deciduous trees. These trails led the first settler into Greenbrier County and eventually brought the Raine brothers, whom Rainelle is named for, to form the Meadow River Lumber Company in 1906.

When the Meadow River Lumber Company mill was constructed, it was considered the largest mill of its type in the world. The mill had the capability to produce 30 million board feet of lumber annually and made finished lumber, flooring, furniture and even shoe heels. Known for the quality of its oak hardwood flooring, the Waldorf Astoria Hotel in New York City as well as the Governors Reception Hall in the WV State Capitol building are shod in Greenbrier County lumber.

Mileage and Time to Major Cities

City	*Distance*	*Drive Time*
Atlanta, GA	489 Miles	8:47
Baltimore, MD	295 Miles	5:27
Charlotte, NC	253 Miles	4:17
Cincinnati, OH	366 Miles	6:06
Detroit, MI	517 Miles	8:57
Norfolk, VA	298 Miles	5:32
New York, NY	502 Miles	9:18
Philadelphia, PA	399 Miles	7:28
Pittsburgh, PA	263 Miles	5:03
Washington, DC	253 Miles	4:43

Source: Greenbrier County Convention & Visitors Bureau

Sex and Age

Male	16,556
Female	17,897
Ages 14 and below	6,099
Ages 15 to 19	2,215
Ages 20 to 24	1,784
Ages 25 to 34	3,873
Ages 35 to 44	5,123
Ages 45 to 54	5,295
Ages 55 to 64	3,963
Ages 65 and older	6,101
Median Age	41.6

Race

White	32,810
Black or African American	1,048
American Indian and Alaska Native	116
Asian	34
Native Hawaiian and Other Pacific	2
Some other race	53
Two or more races	360

Households

Total Households	14,571
Family Households	9,927
Non-Family Households	4,644
Persons 65 and Over, Living Alone	1,947
Average Household Size	2.32

Housing

Total Housing Units	17,644
Occupied Housing Units	14,571
Owner Occupied Units	11,156
Renter Occupied Units	3,415

Greenbrier County, WV - Population by Decades

Date	Population	Pop. Change	Annual % Change
1970	32,090	-2,356	-0.7
1980	37,665	5,575	1.6
1990	34,693	-2,972	-0.8
2000	34,453	-240	-0.1

Source: Bureau of Employment Programs

Economic Indicators

Per Capita Income (1999)	$19,630
Total Personal Income (1999)	$693,141,000

Employment and Wages Covered by Unemployment Compensation Programs

Employment, Annual Average 2000	12,559
Total Wages, Annual 2000	$293,287,130
Annual Wage, Annual Average, 2000	23,352
Weekly Wage, Annual Average, 2000	$449.09

Civilian Labor Force

15,560

Total Employment/Unemployment

13,840/630

Unemployment Rate

11.0

Employment and Unemployment Statistics Annual Averages

	2001	2002	2003	2004	2005
Civilian Labor Force	**15,810**	**15,560**	**15,070**	**15,010**	**15,180**
Total Employment	**14,830**	**13,840**	**14,130**	**14,150**	**14,280**
Total Unemployment	**990**	**630**	**950**	**860**	**900**
Unemployment Rate	**6.2**	**11.0**	**6.3**	**5.7**	**5.9**

Source: Bureau of Employment Programs

Top Ten Employers – March 2005

1. CSX Hotels, Inc. (The Greenbrier)
2. Greenbrier County Board of Education
3. Greenbrier Valley Medical Center
4. Wal-Mart Stores, Inc.
5. West Virginia Department of Highways
6. Greenbrier Resort Management
7. ABB, Inc.
8. West Virginia School of Osteopathic Medicine
9. Mullican Flooring
10. The Kroger Company

Source: Bureau of Employment Programs

Climate

Temperature (Degrees F) Mean Annual Average 51

January Averages	*High*	39	*Low*	18
July Averages	*High*	83	*Low*	59

Long Term Precipitation (inches)

January	2.69	July	4.39	Annual	38.8

Mean Annual Snowfall Range (inches) 25-80

Communications

Telecommunications
Verizon
Citizens Communications
Charter Communications

Cellular Service
Cellular One
US Cellular

Newspapers

Mountain Messenger
Pocahontas Times
Monroe Watchman
West Virginia Daily News

Television Stations
None

Cable Television Stations
Available in urban areas

Radio Stations
WJLS AM 56-FM 99.5
WKCJ-FM 103.1
WRLB FM 95.3
WRON FM 97.7 AM 1400
WSLW-AM 1310
Faith Communications

Rail Service: CSX, NF&G, Amtrak

Highways: Interstates: I-64, providing access to I-77, I-79 and I-81

US Routes: 60,219,250

WV Routes: **3,12,20,28,29,55,63,84,91,122,150,311**

Motor Freights: 10+

Overnight couriers/parcel services: yes

Bus service: Greyhound, Mountain Transit Authority

Nearest Ocean Ports: Baltimore, Norfolk/Hampton Roads

Airport: Greenbrier Valley Airport

Elevation: 2,303 feet

Runway: 7,004 feet

Commercial Airlines: US Air/Delta

Services Available: Restaurant, Taxi, Car Rental, Limousine, Charter aircraft, Aircraft servicing/maintenance, Hanger rental, Commercial air service is also available at Charleston (113 miles from Lewisburg) and Roanoke (85 miles).

Source: Greenbrier County Economic Development Commission

Recreational Facilities – Greenbrier County

Auditoriums	1	Parks	7
Baseball-Softball Fields	6	Stadiums	1
Indoor Basketball Courts	4	Indoor Tennis Courts	0
Outdoor Basketball Courts	5	Outdoor Tennis Courts	1
Swimming Pools	2	Indoor Theaters	0
Country Clubs	0	Outdoor Theaters	0
Playgrounds	10		

Education

The County has two high schools, Greenbrier East High School and Greenbrier West High School. The county has 2 middle/junior high schools that consist of Eastern and Western Greenbrier. There are a total of 10 elementary schools which include: Alderson, Crichton, Frankford, Lewisburg, Rainelle, Ronceverte, Rupert, Smoot, White Sulphur Springs and Williamsburg Elementary.

There were a total of 319 public high school graduates in the 2003-2004 school year.

Colleges (within 50 miles)

School	*Type*	*Ownership*	*Enrollment*	*City*	*County*
New River Community and Technical College Center	2 year	Public	NA	Lewisburg	Greenbrier
WV School of Osteopathic Medicine	NA	Public	285	Lewisburg	Greenbrier

Quality of Life

Law Enforcement		
Sheriff's Department	Lewisburg	
State Police Detachments	Lewisburg, Rainelle	
Total Sworn Police Officers (all jurisdictions)		55
Fire Protection		
Number of Fire Departments*		15
Emergency Medical Services*		
# of Emergency Medical Services Responders		7
# of EMT's and Paramedics (inc. fire departments)		102

**Note: Some fire departments also provide emergency medical services*

Crime in 2004

- Murders: 0
- Rapes: 0
- Robberies: 0
- Assaults: 22
- Burglaries: 16
- Thefts: 38
- Auto Thefts: 7

Health Care		
Hospitals	1	Number of Beds: 122
Licensed Nursing Homes	4	Number of Beds: 318
Doctors	123	
Dentists	17	
Child Care		
Licensed Day Care Centers	11	

Source: Bureau of Employment Programs

Housing

Fair market rent in 2006 for a 1-bedroom apartment in Greenbrier County is $415 a month.
Fair market rent for a 2-bedroom apartment is $459 a month.
Fair market rent for a 3-bedroom apartment is $552 a month.

Housing units in structures:

- One, detached: 12,807

- One, attached: 157
- Two, 307
- 3-4: 377
- 5 to 9: 404
- 10 to 19: 94
- Mobile homes: 3, 113
- Boats, RVs, vans, etc.: 95

Interesting Facts

The oldest organized golf club in the United States was started in the Village of White Sulphur Springs. In 1884, Oakhurst Links was developed by Russell Montague and remains open today.

Lewisburg was named by the National Trust for Historic Preservation as one of a Dozen Destinations for 2004.

The West Virginia State Fair has been held in Fairlea every year since 1924 except for 1945 due to World War II.

Three Greenbrier County restaurants, The Greenbrier Resort, Food & Friends and the General Lewis Inn, were featured on The Food Network in 2004.

Greenbrier County is home to the world-famous Greenbrier resort, named the number one resort spa in North American and the Caribbean by Conde Nast Traveler magazine.

Source: Greenbrier County Convention & Visitors Bureau

Appendix B

Financial Statements of the District

Greenbrier Public Service
District No. 1

Financial Statements
And Supplementary Information

Years ended June 30, 2005 and 2004

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INDEPENDENT AUDITOR'S REPORT

To the Commissioners
Greenbrier Public Service District No. 1
Lewisburg, West Virginia

I have audited the accompanying balance sheet of Greenbrier Public Service District No. 1 as of June 30, 2005 and 2004, and the related statements of revenues and expenses, changes in fund equity, and cash flows for the years then ended. These financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenbrier Public Service District No. 1 as of June 30, 2005 and 2004 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 18, 2006, on my consideration of the District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

Johnathan P. Rice, CPA

Union, West Virginia
May 18, 2006

Greenbrier Public Service District No. 1

MANAGEMENT'S DISCUSSION & ANALYSIS
For year ended June 30, 2005
(Unaudited)

Our discussion and analysis of Greenbrier Public Service District No. 1's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the District's financial statements, which begin on page 4.

FINANCIAL HIGHLIGHTS

- The District's fund equity remained virtually unchanged as result of this year's operations. Fund equity decreased $124,484 or 1.7% from the prior year.
- During the year, operating income exceeded operating expenses by $50,693.
- Operating revenues decreased $7,089 or 0.7 % from the prior year.
- Operating expenses also decreased $44,174 or 4.2% from the prior year.
- The District reported a deficit of $131,984 this year.

USING THIS ANNUAL REPORT

This annual report consists of several financial statements. The balance sheet and statement of revenues and expenses (on pages 4 and 5) provide information on the activities of the District and present a longer-term view of the District's finances. The statement of changes in fund equity on page 6 provides an analysis of the change in fund equity. The statement of cash flows on page 7 provides an analysis of the sources and uses of cash. The schedule of operating expenses on page 16 provides a detail of the District's operating expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2005, the District had $10,051,298 invested in capital assets, including the pumping system and equipment and collecting and transmission mains. This amount represents a net decrease (including additions and deductions) of $356,185 or 3.4% from the prior year. Please refer to note 2 of the financial statements for further analysis of capital assets.

Debt

At June 30, 2005, the District had $4,086,067 in bonds and notes outstanding. This amount represents a decrease of $198,974 or 4.6% from the prior year. Please refer to note 4 of the financial statements for further analysis of debt.

ASSETS

	June 30, 2005	June 30, 2004
Utility Plant		
Utility plant and equipment	$ 17,708,714	$ 17,708,714
Land and right of ways	195,694	195,694
Construction in progress	14,357	-
	17,918,765	17,904,408
Less accumulated depreciation	7,867,467	7,496,925
	10,051,298	10,407,483
Restricted Assets		
Revenue bond reserve accounts	367,641	367,641
Revenue bond service accounts	411,154	398,795
Revenue bond renewal and replacement accounts	45,986	46,636
Special account	299,345	432,682
Customer deposits	23,139	21,058
	1,147,165	1,266,812
Current Assets		
Cash and temporary investments	133,061	75,129
Accounts receivable, net	218,293	116,701
Prepaid expenses	6,032	4,786
	357,386	197,616
	$ 11,555,849	$ 11,871,911

FUND EQUITY AND LIABILITIES

	June 30, 2005	June 30, 2004
Fund Equity		
Contributions in aid to construction	$ 10,974,732	$ 10,967,232
Retained earnings (deficit)	(3,618,201)	(3,486,217)
	7,356,531	7,481,015
Long-term debt, less current portion	3,886,823	4,088,611
Current Liabilities Payable From Restricted Assets		
Accrued interest on bonds payable	49,901	51,862
Current portion of long-term debt	199,244	198,430
Customer deposits	36,619	26,705
	285,764	276,997
Current Liabilities Payable From Current Assets		
Accounts payable and accrued expenses	26,731	27,288
	26,731	27,288
	$ 11,555,849	$ 11,871,911

The accompanying notes are an integral part of the financial statements

Greenbrier Public Service District No. 1
Statement of Revenues and Expenses

	Year Ended June 30 2005	2004
Operating Revenues		
Charges for services	$ 1,053,751	$ 1,060,870
Operating Expense		
Depreciation	370,542	373,148
Treatment and disposal	192,840	257,988
Pumping expenses	168,284	147,058
Administrative and general	166,013	161,485
Collecting expenses	107,885	64,985
Billing and collecting	21,316	26,411
Taxes	16,208	16,187
	1,003,088	1,047,262
Operating Income (Loss)	50,693	13,608
Nonoperating Revenues (Expenses)		
Interest income	38,675	12,503
Other income	7,510	13,666
Premium paid on called bonds	-	-
Interest expense	(188,862)	(212,189)
Amortization of bond discount	(7,000)	(8,000)
	(182,677)	(194,020)
Net Loss	$ (131,984)	$ (180,412)

The accompanying notes are an integral part of the financial statements

Greenbrier Public Service District No. 1
Statement of Changes in Fund Equity

	Contributions In Aid To Construction	Retained Earnings (Deficit)	Total
Balance at June 30, 2003	$ 10,959,732	$ (3,376,502)	$ 7,583,230
Sewer connection fee	7,500	-	7,500
Prior period adjustment	-	71,097	71,097
Net loss for year	-	(180,812)	(180,812)
Balance at June 30, 2004	10,967,232	(3,486,217)	7,481,015
Sewer connection fee	7,500	-	7,500
Prior period adjustment	-	-	-
Net loss for year	-	(131,984)	(131,984)
Balance at June 30, 2005	$ 10,974,732	$ (3,618,201)	$ 7,356,531

The accompanying notes are an integral part of the financial statements

Greenbrier Public Service District No. 1
Statement of Cash Flows

	Year ended June 30	
	2005	2004
Cash flows from operating activities		
Increase (decrease) in net assets	$ (131,984)	$ (180,812)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Depreciation	370,542	373,148
(Increase) decrease in:		
Accounts receivable	(101,592)	(44,120)
Prepaid expenses	(246)	3,553
Increase (decrease) in:		
Accounts payable and accrued expenses	(557)	2,954
Accrued revenue bond interest	(1,961)	(1,739)
Customer deposits	9,914	11,568
Net cash (used in) provided by operating activities	144,116	164,532
Cash flows from capital and related financing activities		
(Increase) decrease in restricted assets	119,647	61,455
Additions to land	-	(5,000)
Additions to transmission system	-	(8,082)
Additions to equipment	-	(18,750)
Additions to construction in progress	(14,357)	-
Payment on long-term debt	(185,177)	(172,486)
Payment on capital lease	(13,797)	(13,795)
Sewer connection fees	7,500	7,500
Net cash (used in) provided by capital and related financing activities	(86,184)	(149,158)
Net increase (decrease) in cash	57,932	15,374
Cash at beginning of year	75,129	59,755
Cash at end of year	$ 133,061	$ 75,129

The accompanying notes are an integral part of the financial statements.

Note 1 – Summary of Significant Accounting Policies:

Greenbrier Public Service District No. 1 is a public corporation authorized under the Public Service Commission of the State of West Virginia. The District operates the sewerage system primarily for the City of Lewisburg.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The more significant accounting policies established in GAAP and used by the District are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement includes the following:

- For the first time the financial statements include a Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District is required to adopt the provisions of the statement in the current fiscal year ended June 30, 2004. The District has elected to apply the provisions prospectively.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Utility Plant

Plant and equipment in service are recorded at acquisition cost and depreciated over the estimated useful lives of the assets by using the straight-line method. Expenditures for maintenance and repairs are charged to expense as incurred whereas expenditures fro renewals and betterments are generally capitalized. The estimated useful lives of the assets range from 3 to 50 years.

Restricted Assets

Restricted assets primarily consist of accounts required to be maintained in accordance with the Service District's Bond Resolutions. The accounts are funded on a monthly basis and are used for payment of debt service requirements on the revenue bonds and for repair and replacement of the system.

Operating Revenues

Operating revenues are recognized at the time of customer billing.

Compensated Absences

The Organization provides an accrual for earned, but unpaid vacation time; however, no accrual is provided for earned, but unpaid sick time because the amount cannot be reasonably determined.

Income Taxes

Greenbrier Public Service District No. 1 is a not-for-profit public corporation exempt from Federal and State taxes on income; hence, no provision is made for these taxes.

Note 2 - Utility Plant and Equipment:

Components of utility plant and equipment at June 30, 2005 and 2004, and their estimated useful lives, are as follows:

		2005	2004
Pumping system, collecting and transmission mains, and pumping equipment	10-50 years	$17,485,391	$17,485,391
Tools, ship equipment, miscellaneous general plant equipment, and communication equipment	5-10 years	95,028	95,028

Office furniture and Equipment	5-10 years	70,575	70,575
Transportation equipment	3-5 years	57,720	57,720
		$17,708,714	$17,708,714

Utility plant and equipment at June 30, 2005 and 2004 contains fully depreciated assets aggregating $196,770 and $168,185 respectively.

Note 3 – Cash and Temporary Investments:

Cash and temporary investments at June 30, 2005 and 2004 include various currently maturing certificates of deposit aggregating $38,000 and $38,000respectively.

Note 4 – Long-Term Debt:

Long-term debt at June 30, 2005 and 2004 consist of the following:

	2005	2004
Variable rate (3.75% to 5.85%) $4,420,000 1996 Sewer Refunding Revenue Bonds payable in annual Installments on October 1 with Interest payable on April 1 and October 1 through 2019	$3,580,000	$3,740,000
Unamortized bond discount	(38,000)	(45,000)
	$3,542,000	$3,695,000
Non-interest bearing $910,000 1983 Sewer Revenue Bonds Series B payable in annual installments on October 1 through 2019	368,919	393,513
Total Bonds Payable	3,910,919	4,088,513
Less installments due within one Year and classified as current	184,595	184,595
	3,726,324	3,903,918

5.75% note payable to a bank, payable in monthly installments of $1,341 including interest, due September 14, 2008	31,742	45,539
Less installments due within one Year and classified as current	14,649	13,834
	17,093	31,705
Agreements payable	143,406	150,988
	$3,886,823	$4,086,611

The Series 1996 Bonds maturing on or after October 1, 2007, are subject to redemption prior to maturity at the option of the Issuer on or after October 1, 2006, in whole at any time and in part on any interest date, in inverse order of maturity, at the following redemption prices, (expressed as a percentage of the principal amount to be redeemed), plus accrued interest:

Period during which Redeemed (both dates Inclusive)	Redemption Price
October 1, 2006 to September 30, 2007	102%
October 1, 2007 to September 30, 2008	101
October 1, 2008 and thereafter	100

The Series 1996 Bonds maturing in the years 2015 and 2019 "the "Term Bonds") are subject to annual mandatory redemption prior to maturity by random selection on October 1 of the years and in the principal amounts set forth below; at the redemption price of 100% of the principal amount of each Bond so called for redemption, plus accrued interest:

Series 1996 Bonds Maturing October 1, 2015

Year	Principal Amount
2012	$185,000
2013	250,000
2014	260,000
2015	275,000

Series 1996 Bonds Maturing October 1, 2019

Year	Principal Amount
2016	$295,000
2017	310,000
2018	325,000
2019	345,000

The revenue bonds are secured by a pledge of net revenues to be derived from the operation of the System; further, the bonds do not constitute a corporate indebtedness of the issuer. The Bond Resolutions require that a debt service reserve is maintained and that annual contributions equal to the average annual principal and interest be made.

At June 30, 2005, the aggregate amount of future maturities of the bonds and the note payable are as follows:

Year Ending June 30	Bonds Payable	Note Payable
2006	$ 184,595	14,653
2007	194,595	15,516
2008	204,595	1,536
2009	214,595	0
Thereafter	3,140,539	0
	3,938,919	$ 31,705
Unamortized bond discount	(38,000)	
	$ 3,900,918	

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Commissioners
Greenbrier County PSD No. 1

I have audited the financial statements of Greenbrier County PSD No. 1 as of and for the year ended June 30, 2005, and have issued my report thereon dated May 18, 2006. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Greenbrier County PSD No. 1's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. The Public Service District does not meet the rate requirements of their Bond Resolution. The District's Bond Resolutions indicate that charges for services of the system, will pay all reasonable expenses of operation and repair and maintenance of the system and leave a balance each year equal to at least 115% of the maximum amounts required for debt service on all obligations. Based on my calculations, the rate structure of the District does not meet those requirements.

Internal Control over Financial Reporting

In planning and performing my audit, I considered Greenbrier County PSD No. 1's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal

control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of the audit committee, management, others within the organization and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Union, West Virginia
May 18, 2006

JOHNATHAN P. RICE, CPA
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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Commissioners
Greenbrier Public Service District No. 1
Lewisburg, West Virginia

My report on my audit of the basic financial statements of Greenbrier Public Service District No. 1 appears on page 1. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Controller General of the United States for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of operating expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Johnathan P. Rice, CPA

Union, West Virginia
May 18, 2006

Greenbrier Public Service District No. 1
Statement of Operating Expenses

	Year Ended June 30 2005	2004
Depreciation	$ 370,547	$ 373,148
Treatment and disposal		
Treatment expense	152,840	257,988
Pumping expenses		
Maintenance-equipment	34,102	27,254
Labor	53,757	53,570
Power and fuel	39,711	44,311
Engineering	17,409	21,228
Supplies and expense	18,495	161
Maintenance-structures	4,812	534
	168,284	147,058
Administrative and general		
Salaries	46,285	45,903
Employee welfare and pension	50,996	50,888
Office supplies and expense	22,117	16,527
Insurance	20,166	18,455
Rents	12,000	12,000
Employee and director expense	4,850	5,275
Regulatory commission	4,923	5,641
Legal services	-	1,027
Maintenance-general property	603	994
Miscellaneous general expense	3,054	4,778
	166,013	161,489
Collecting expenses		
Operation labor	53,757	53,570
Maintenance-plant	54,128	11,415
	107,885	64,985
Billing and collecting		
Billing, collecting, and accounting	14,227	18,331
Meter reading	5,000	5,500
Uncollectible accounts	2,089	2,580
	21,316	26,411
Taxes	16,298	16,187
	$ 1,003,088	$ 1,047,262

The accompanying notes are an integral part of the financial statements

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[illegible]

September 25, 2006

Greenbrier Public Service District #1
Lewisburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges currently in effect and anticipated operation and maintenance expenses and anticipated customer usage due to refinancing of the Sewer Refunding Revenue Bonds, Series 1996 and the Northern Lewisburg Sewer Extension Project, Phase 1, as furnished to me by Greenbrier Public Service District No. 1 (the "issuer"), it is my opinion that the current rates and charges will not be sufficient to provide revenues which, together with other revenues of the sewage system (the "system") of the issuer, to pay all repair, operation, and maintenance expenses and leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on issuer's Sewer Refunding Revenue Bonds, Series 1996 (the "Bonds"), and all other obligations secured by or payable from the revenues of the System prior to, on a parity with, or junior to the bonds, including the issuer's Sewer Revenue Bonds, Series 1983 B (the "Series 1983 B Bonds").

Very truly yours,

Johnathan P. Rice, CPA

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jpricecpa@cvrnet.net

September 25, 2006

Greenbrier Public Service District #1
Lewisburg, West Virginia

Crews & Associates, Inc.
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the rates and charges currently in effect and current operation and maintenance expenses and current customer usage as furnished to me by Greenbrier Public Service District No. 1 (the "issuer"), it is my opinion that the current rates and charges are not sufficient to provide revenues which, together with other revenues of the sewage system (the "system") of the issuer, to pay all repair, operation, and maintenance expenses and leave a balance each year equal to at least 11 % of the maximum amount required in any year for debt service on issuer's Sewer Refunding Revenue Bonds, Series 1996 (the "Bonds"), and all other obligations secured by or payable from the revenues of the System prior to, on a parity with, or junior to the bonds, including the issuer's Sewer Revenue Bonds, Series 1983 B (the "Series 1983 B Bonds").

Very truly yours,

Johnathan P. Rice, CPA

Appendix C

Proposed Form of Bond Counsel Opinion

[LETTERHEAD OF STEPTOE & JOHNSON, PLLC]
(Form of Bond Counsel Opinion for Series 2006 Bonds)

November 15, 2006

Greenbrier Public Service District No. 1
(West Virginia)
Sewer Refunding Revenue Bonds, Series 2006

Greenbrier Public Service District No. 1 Lewisburg, West Virginia Crews & Associates, Inc. Charleston, West Virginia	

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance by Greenbrier Public Service District No. 1 (the "Issuer") of its $3,185,000 in aggregate principal amount Sewer Refunding Revenue Bonds, Series 2006 (the "Series 2006 Bonds").

The Series 2006 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 of the West Virginia Code of 1931, as amended (the "Act") and a Bond Resolution duly adopted by the Issuer on October 20, 2006, as supplemented by a Supplemental Parameters Resolution duly adopted by the Issuer on October 20, 2006 (collectively, the "Resolution") and are subject to all the terms and conditions of the Resolution. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution.

The Series 2006 Bonds are issued in fully registered form, are dated November 1, 2006, upon original issuance, mature on October 1 in years and amounts and bear interest

payable each April 1 and October 1, commencing April 1, 2007, and are subject to optional and mandatory sinking fund redemption prior to maturity on the dates, in the amounts and at the redemption prices, all as set forth in the Resolution.

The Series 2006 Bonds are issued for the purposes of (i) paying a portion of the costs necessary to currently refund all of the Issuer's outstanding Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, issued in the original aggregate principal amount of $4,420,000 (the "Series 1996 Bonds"); (ii) funding a reserve account for the Series 2006 Bonds; and (iii) paying a portion of the costs of issuance of the Series 2006 Bonds and other costs in connection with such refunding.

The Series 2006 Bonds have been sold to Crews & Associates, Inc. (the "Purchaser"), pursuant to a Bond Purchase Agreement dated October 24, 2006, and accepted by the Issuer (the "Purchase Agreement").

The Series 1996 Bonds will be currently refunded pursuant to a Prepayment Agreement dated the date hereof, by and between The Bank of New York (successor to One Valley Bank, National Association, corporate trust services) (the "Bank"), the West Virginia Municipal Bond Commission and the Issuer (the "Prepayment Agreement").

As to questions of fact material to our opinion, we have relied upon representations of the Issuer, the Purchaser and other entities contained in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and in the certified proceedings and other certifications of certain officials furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, and assuming compliance with the covenants of the Issuer, the Purchaser and other entities pertaining to tax matters set forth in the Resolution, the Tax and Non-Arbitrage Certificate and the Continuing Disclosure Agreement and with certain certificates delivered in connection with the issuance of the Series 2006 Bonds, we are of the opinion, under existing law, that:

1. The Issuer is a duly created and validly existing public service district and public corporation under and pursuant to the laws of the State of West Virginia, with full power and authority to adopt the Resolution, enter into the Continuing Disclosure Agreement, the Prepayment Agreement and the Purchase Agreement, perform its obligations under the terms and provisions thereof and to issue and sell the Series 2006 Bonds, all under the provisions of the Act and other applicable provisions of law.

2. The Issuer, through its governing body, has legally and effectively adopted the Resolution, has authorized, executed and delivered the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement and has issued and delivered the Series 2006 Bonds to the Purchaser pursuant to the Purchase Agreement. The Resolution is in full force and effect as of the date hereof.

3. Assuming due authorization, execution and delivery by the other parties thereto, the Purchase Agreement, the Prepayment Agreement and the Continuing Disclosure Agreement constitute valid, legal, binding and enforceable instruments of the Issuer in accordance with their respective terms; and the Series 2006 Bonds, subject to the terms thereof, constitute valid and legally enforceable limited obligations of the Issuer, payable and enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Resolution and the Act.

4. The Series 2006 Bonds have been duly authorized, issued, executed and delivered by the Issuer and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's Sewer Revenue Bonds, Series 1983 B, dated June 23, 1983, originally issued in the aggregate principal amount of $910,000, (the "Series 1983 B Bonds"), with respect to liens, pledge and source of and security for payment and in all other respects all in accordance with the terms of the Series 2006 Bonds and the Resolution, as more fully defined and described in the Resolution.

5. Under existing laws, regulations, published rulings and judicial decisions of the United States of America, as presently written and applied, the interest on the Series 2006 Bonds (including original issue discount properly allocable to owners of the Series 2006 Bonds) is excludable from gross income of the owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed upon individuals and corporations. It should be noted, however, that for the purpose of computing the alternative minimum tax on corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings. Ownership of tax-exempt obligations, including the Series 2006 Bonds, may result in collateral federal income tax consequences to certain taxpayers, including without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. We offer no opinion as to such collateral tax consequences. Prospective purchasers of the Series 2006 Bonds should consult their own tax advisors as to such

consequences. The opinions set forth above are subject to the condition that the Issuer comply, on a continuing basis, with all requirements of the Internal Revenue Code of 1986, as amended, and regulations thereunder (the "Code") that must be satisfied subsequent to issuance of the Series 2006 Bonds for interest thereon to be or continue to be excludable from gross income for federal income tax purposes and all certifications, covenants and representations which may affect the excludability from gross income of the interest on the Series 2006 Bonds set forth in the Resolution, and the Tax and Non-Arbitrage Certificate. Failure to comply with such Code provisions or such certifications, covenants and representations could cause the interest on the Series 2006 Bonds to be includable in gross income retroactive to the date of issuance of the Series 2006 Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Series 2006 Bonds except as expressly set forth in paragraph 6.

6. The Issuer has designated the Bonds as "qualified tax-exempt obligations" for purposes of the Code, and has covenanted that it does not reasonably expect to issue more than $10,000,000 of tax-exempt obligations (other than private activity bonds and obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligations) during the calendar year 2006. Therefore, the Bonds are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

7. Under the Act, the Series 2006 Bonds are exempt from taxation by the State of West Virginia and the other taxing bodies of the State, and the interest on the Series 2006 Bonds is exempt from personal and corporate net income taxes imposed directly thereon by the State of West Virginia.

8. The Series 1996 Bonds have been paid within the meaning and with the effect expressed in the 1996 Resolution and the Prepayment Agreement, and the covenants, agreements and other obligations of the Issuer to the holders and owners of the Series 1996 Bonds have been satisfied and discharged. In rendering the opinion set forth in this paragraph, we have relied upon the certificate of the Bank relating to the sufficiency of the moneys on deposit to provide for the payment on December 1, 2006, of the principal of, interest on and redemption premium of the Series 1996 Bonds.

9. The Series 2006 Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and the West Virginia Uniform Securities Act, as amended, and it is not necessary, in connection with the public offering and sale of the Series 2006 Bonds, to register any securities under said Securities Acts.

It is to be understood that the rights of the holders of the Series 2006 Bonds and the enforceability of liens, pledges, rights or remedies with respect to the Series 2006 Bonds, the Resolution, the Continuing Disclosure Certificate and the Purchase Agreement are subject to any applicable bankruptcy, reorganization, insolvency, moratorium or other similar laws heretofore or hereafter enacted affecting creditors' rights or remedies generally, and that their enforcement may also be subject to the application of public policy, general principles of equity and the exercise of judicial discretion in appropriate cases.

We have examined the executed and authenticated Bond Nos. AR-1 through AR-13 of said issue, and in our opinion, said Series 2006 Bonds are in proper form and have been duly executed and authenticated.

Very truly yours,

STEPTOE & JOHNSON PLLC

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Appendix D

Summary of Certain Provisions of the Resolution

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain terms, provisions and covenants of the Resolution. This summary makes use of terms defined in the Resolution, certain of which are defined in "Definitions" which follows. This summary does not purport to be final, complete or definitive, and is qualified by reference to the Resolution in its entirety for the complete and actual terms, provisions and covenants thereof.

Definitions.

"Act" means Chapter 16, Article 13A of the West Virginia Code of 1931, as amended and in effect on the date of delivery of the Series 2006 Bonds.

"Authority" means the West Virginia Water Development Authority, the original purchaser of the Series 1983 B Bonds, or its successor.

"Authorized Newspaper" means a financial journal or newspaper of general circulation in the City of New York, New York, printed in the English language and customarily published on each business day of the Registrar, whether or not published on Saturdays, Sundays or legal holidays, and so long as so published, shall include The Bond Buyer and Redemption Digest.

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

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

"Bond Counsel" shall mean any law firm having a national reputation in the field of municipal law whose opinions are generally accepted by purchasers of municipal Bonds, appointed by the Issuer, and shall initially mean Steptoe & Johnson PLLC, Charleston, West Virginia.

"Bondholder," "Holder of the Bonds," "Owner of the Bonds" or any similar term means any person who shall be the registered owner of any outstanding Bond.

"Bond Register" means the books of the Issuer maintained by the Registrar for the registration and transfer of Bonds.

"Bonds" means, collectively, the Series 2006 Bonds, the Series 1983 B Bonds and any additional parity Bonds hereafter issued within the terms, restrictions and conditions contained herein.

"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, or such other period as shall be determined by the Issuer, except that the first Bond Year shall begin on the Closing Date.

"Business Day" means any day other than a Saturday, Sunday or a day on which national banking associations or West Virginia banking corporations are authorized by law to remain closed.

"Certificate of Authentication and Registration" means the Certificate of Authentication and Registration on the Series 2006 Bonds, in substantially the form set forth in EXHIBIT A of the Resolution.

"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 2006 Bonds for the proceeds representing the original purchase price thereof.

"Code" shall mean the Internal Revenue Code of 1986, as amended and supplemented from time to time, and Regulations thereunder.

"Consulting Engineers" means any qualified engineer or engineers or firm or firms of engineers that shall at any time now or hereafter be retained by the Issuer as Consulting Engineers for the System, or portion thereof.

"Costs" or similar terms means all those costs now or hereafter permitted by the Act to be financed with bonds issued pursuant to the Resolution, including, without limitation, the costs of refunding the Series 1996 Bonds (which amount shall reflect the determination of the Redemption Price of the Series 1996 Bonds), interest accruing or to accrue thereon, redemption premiums, premiums for municipal bond insurance and reserve account insurance and/or surety bonds, letter of credit fees, expenses for fiscal or other agents, legal expenses and any other costs or expenses necessary, incidental, desirable or appurtenant to the issuance of the Series 2006 Bonds and the refunding of the Series 1996 Bonds.

"Costs of Issuance Fund" means the Costs of Issuance Fund created by Section 4.01 of the Resolution.

"Debt Service," with reference to a specified period, means the amount of principal, including any sinking fund payments, and interest payable with respect to the Bonds during such period.

"Depository Bank" means the bank or banks to be designated as such in the Supplemental Resolution, and any other bank or national banking association located in the State of West Virginia, eligible under the laws of the State of West Virginia to receive deposits of state and municipal funds and insured by the FDIC that may hereafter be appointed by the Issuer as Depository Bank.

"DTC-eligible" means, with respect to the Series 2006 Bonds, meeting the qualifications prescribed by the Depository Trust Company, New York, New York.

"Event of Default" means any occurrence or event specified in Section 7.01.

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

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

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

"Government Obligations" means direct and general obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury), or obligations that are unconditionally guaranteed as to principal and interest by the United States of America, including (in the case of direct and general obligations of the United States of America) evidences of ownership of proportionate interests in future interest and principal payments of such obligations; provided that, investments in such proportionate interests shall be limited to circumstances wherein (a) a bank or trust company acts as custodian and holds the underlying United States obligations; (b) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying United States obligations; and (c) the underlying United States obligations are held in a special account separate from the custodian's general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated.

"Gross Revenues" means all rates, rents, fees, charges or other income (including, without limitation, sale proceeds) received by or accrued to the Issuer from the operation of the System, as calculated in accordance with generally accepted accounting principles.

"Independent 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 purpose except keeping the accounts of the System in the normal operation of its business and affairs.

"Issuer" means Greenbrier Public Service District No. 1, a public service district and public corporation and political subdivision of the State of West Virginia, in Greenbrier County of said State, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"1996 Resolution" shall mean a resolution adopted by the Issuer on June 10, 1996, as amended and supplemented, authorizing the issuance of the Series 1996 Bonds.

"Net Proceeds" means the face amount of the Series 2006 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Series 2006 Bonds Reserve Account. For purposes of the Private Business Use limitations set forth in the Resolution, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2006 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.

"Nonpurpose Investment" means any investment property which is acquired with the gross proceeds of the Series 2006 Bonds and is not acquired in order to carry out the governmental purpose of the Series 2006 Bonds.

"Operating Expenses" means the current expenses, paid or accrued, of repair, operation and maintenance of the System, and includes, without limiting the generality of the foregoing, insurance premiums, supplies, labor, wages, the cost of materials and supplies used for current operations, administrative expenses of the Issuer relating and chargeable to the System and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles.

"Original Purchaser" means Crews & Associates, Incorporated, Charleston, West Virginia, as the purchasers of the Series 2006 Bonds directly from the Issuer, or, if the Issuer and such Original Purchaser do not agree to the purchase of the Series 2006 Bonds with interest rates and other terms allowable under the Act, such other person or persons, firm or firms, bank or banks, corporation or corporations or such other entity or entities as shall purchase the Series 2006 Bonds directly from the Issuer, as determined by a resolution supplemental to the Resolution; provided, that the Original Purchaser and the Issuer shall agree to the purchase of the Series 2006 Bonds, as hereinafter defined, including the exact principal amount thereof and interest rate or rates thereon as fixed by said supplemental resolution to be adopted by the Issuer at the time of approval of such sale of said Series 2006 Bonds.

"Outstanding," when used with reference to the Series 2006 Bonds and as of any particular date, describes all Bonds theretofore and thereupon being issued and delivered except (a) any Bond canceled by the registrar for such Bond at or prior to said date; (b) any Bond for the payment of which moneys, equal to its principal amount, with interest to the date of maturity, shall be held in trust under the Resolution and set aside for such payment (whether upon or prior to maturity); (c) any Bond deemed to have been paid as provided by Section 9.01 of the Resolution; and (d) with respect to determining the number or percentage of Bondholders or Bonds for the purpose of consents, notices and the like, any Bond registered to the Issuer. Notwithstanding the foregoing, in the event that a Bond Insurer has paid principal of and/or interest on any Bond, such Bond shall be deemed to be Outstanding until such time as a Bond Insurer has been reimbursed in full.

"Paying Agent" means the Bond Commission or other entity designated as such for the Series 2006 Bonds in the Supplemental Resolution, and any successor thereto appointed in accordance with Section 8.12 of the Resolution.

"Prepayment Agreement" means the agreement to be entered into between the Issuer and the Paying Agent for the Series 1996 Bonds, providing for the defeasance of the Series 1996 Bonds, the deposit therein of proceeds of the Series 2006 Bonds, the disposition of moneys in the various funds and accounts of the Series 1996 Bonds under the 1996 Resolution and other matters in connection therewith, the form of which shall be approved by the Supplemental Resolution.

"Prior Resolution" shall mean the resolution adopted by the Issuer on August 15, 1980, as amended and supplemented authorizing issuance of the Series 1983 Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person, including all persons "related" to such person within the meaning of Section 144(a)(3) of the Code, or in any activity carried on by a person other than a natural person, including all persons "related" to such person within the meaning of Section

144(a)(3) of the Code, excluding, however, use by a state or local governmental unit and use as a member of the general public. All of the foregoing shall be determined in accordance with the Code, including, without limitation, giving due regard to "incidental use," if any, of the proceeds of the issue and/or proceeds used for "qualified improvements," if any.

"Purchase Price," for the purpose of computation of the Yield of the Series 2006 Bonds, has the same meaning as the term "issue price" in Sections 1273(b) and 1274 of the Code, and, in general, means the initial offering price of the Series 2006 Bonds to the public (not including bond houses and brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the Series 2006 Bonds of each maturity is sold or, if the Series 2006 Bonds are privately placed, the price paid by the first buyer of the Series 2006 Bonds or the acquisition cost of the first buyer. "Purchase Price," for purposes of computing Yield of Nonpurpose Investments, means the fair market value of the Nonpurpose Investments on the date of use of Gross Proceeds of the Series 2006 Bonds for acquisition thereof, or if later, on the date that Investment Property constituting a Nonpurpose Investment becomes a Nonpurpose Investment of the Series 2006 Bonds.

"Qualified Investments" means and includes any of the following, unless otherwise set forth in the Supplemental Resolution:

(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 Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended; and

(i) Obligations of states or political subdivisions or agencies thereof, the interest on which is exempt from federal income taxation, and which are rated at least "A" by Moody's Investors Service, Inc. or Standard & Poor's Corporation.

"Record Date" means the day of the month which shall be so stated in the Series 2006 Bonds, regardless of whether such day is a Saturday, Sunday or legal holiday.

"Redemption Date" means the date fixed for redemption of the Prior Bonds, the Series 2006 Bonds, or any other Bonds of the Issuer called for redemption.

"Redemption Price" means the price at which the Series 2006 Bonds, the Series 1996 Bonds or any other Bonds of the Issuer may be called for redemption and includes the

principal of and interest on such Bonds to be redeemed, plus the premium, if any, required to be paid to effect such redemption.

"Registrar" means the bank to be designated in the Supplemental Resolution as the Registrar for the Series 2006 Bonds, and any successor thereto appointed in accordance with Section 8.08 of the Resolution.

"Regulations" means temporary and permanent regulations promulgated under the Code, and includes applicable regulations promulgated under the Internal Revenue Code of 1954, as amended.

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

"Resolution" means the Resolution of the Issuer adopted on October 20, 2006, authorizing the issuance of the Series 2006 Bonds, as supplemented.

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

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

"Series 1996 Bonds" means the Sewer Refunding Revenue Bonds, Series 1996, dated June 15, 1996, originally issued in the aggregate principal amount of $4,420,000, of which approximately $3,420,000 is presently outstanding.

"Series 1983 B Bonds" means the Sewer Revenue Bonds, Series 1983 B, dated June 23, 1983, originally issued in the aggregate principal amount of $910,000, of which approximately $344,324 is presently outstanding.

"Series 1983 B Bonds Sinking Fund" means the Series 1983 B Bonds Sinking Fund established pursuant to the Prior Resolution.

"Series 1983 B Bonds Reserve Account" means the Series 1983 B Bonds Reserve Account established pursuant to the Prior Resolution.

"Series 1983 B Bonds Reserve Requirement" means the amount required to be on deposit in the Series 1983 B Bonds Reserve Account pursuant to the Prior Resolution.

"Series 2006 Bonds" means the Sewer Refunding Revenue Bonds, Series 2006, of the Issuer, originally authorized to be issued pursuant to the Resolution.

"Series 2006 Bonds Redemption Account" means the Series 2006 Bonds Redemption Account established in the Series 2006 Bonds Sinking Fund pursuant to Section 4.02 of the Resolution.

"Series 2006 Bonds Reserve Account" means the Series 2006 Bonds Reserve Account established in the Series 2006 Bonds Sinking Fund pursuant to Section 4.02 of the Resolution.

"Series 2006 Bonds Reserve Requirement" means an amount equal to the lesser of (i) 10% of the original principal amount of the Series 2006 Bonds, (ii) Maximum Annual Debt Service at the time of original issuance of the Series 2006 Bonds, or (iii) 125% of average annual Debt Service at the time of original issuance of the Series 2006 Bonds.

"Series 2006 Bonds Sinking Fund" means the Series 2006 Bonds Sinking Fund established pursuant to Section 4.02 of the Resolution.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution amendatory of the Resolution or supplemental to the Resolution and, when preceded by the article "the," refers specifically to the Supplemental Parameters Resolution adopted by the Issuer on October 20, 2006, setting forth the parameters of the amounts, maturities, interest rates and other terms of the Series 2006 Bonds and authorizing the sale of the Series 2006 Bonds to the Original Purchaser; provided, that any provision intended to be included in the Supplemental Resolution and not so included may be contained in any other Supplemental Resolution.

"System" means, collectively, the complete public service properties of the Issuer for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include any additions, betterments, improvements or extensions thereto hereafter acquired or constructed 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.

"Term Bonds" means Bonds subject to mandatory sinking fund redemption, as described by Section 3.06 of the Resolution.

Disposition of Proceeds of Bonds.

Upon the issuance and delivery of the Series 2006 Bonds, the Issuer shall forthwith deposit the proceeds thereof as follows:

A. All interest accrued on the Series 2006 Bonds from the date thereof to the date of delivery thereof shall be deposited in the Series 2006 Bonds Sinking Fund and applied to payment of interest on the Series 2006 Bonds at the first interest payment date, if any.

B. The amount of the Series 2006 Bond proceeds which, together with other moneys or securities deposited therein and the earnings thereon, shall be sufficient to accomplish the refunding and defeasance of the Series 1996 Bonds (which amount shall be set forth in the Prepayment Agreement) shall be deposited in the Series 1996 Sinking Fund held by the Bond Commission.

C. The amount of Series 2006 Bond proceeds equal to the Series 2006 Bonds Reserve Requirement shall be remitted to the Paying Agent and deposited in the Series 2006 Bonds Reserve Account; provided that, to the extent the Series 2006 Bonds Reserve Requirement is satisfied in whole or in part from proceeds of any fund or account established for the Series 1996 Bonds pursuant to the 1996 Resolution, Series 2006 Bond proceeds shall be deposited in the Series 2006 Bonds Reserve Account only to the extent needed to satisfy the balance of the Series 2006 Bonds Reserve Requirement.

D. The balance of the proceeds of the Series 2006 Bonds shall be deposited with the Depository Bank in the Costs of Issuance Fund and shall be drawn out, used and applied by the Issuer solely to pay costs of issuance of the Series 2006 Bonds and miscellaneous costs of refunding the Series 1996 Bonds at the written direction of the Issuer. Moneys not to be applied immediately to pay such costs of issuance and refunding may be invested in accordance with the Resolution, subject however, to applicable yield restrictions as may be in effect under the Code. If for any reason such proceeds, or any part thereof, are not necessary for, or are not applied to such purpose within 6 months after the Closing Date, such unapplied proceeds shall be transferred by the Issuer to the Series 2006 Bonds Redemption Account established in Section 4.02 of the Resolution. All such proceeds shall constitute a trust fund for such purposes, and there hereby is created a lien upon such moneys until so applied in favor of the Holders of the Series 2006 Bonds from which such proceeds are derived. All costs of issuance shall be paid within 90 days following the Closing Date and all moneys then remaining in the Costs of Issuance Fund shall be disbursed to the Issuer whereupon they may be used for any legal purpose of the System.

Designation of Bonds as "Qualified Tax-Exempt Obligations".

The Issuer hereby designates the Series 2006 Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Code and covenants that the Series 2006 Bonds do not constitute private activity bonds as defined in Section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under Section 103(a) of the Code) from gross income for federal

income tax purposes (excluding, however, obligations issued to currently refund any obligation of the Issuer to the extent the amount of the refunding obligation does not exceed the amount of the refunded obligation and private activity bonds, as defined in Section 141 of the Code, other than qualified 501(c)(3) bonds as defined in Section 145 of the Code), including the Series 2006 Bonds, have been or shall be issued by the Issuer, including all subordinate entities of the Issuer, during the calendar year 2006.

Establishment of Funds and Accounts with Depository Bank.

Pursuant to the Resolution, the following special funds are hereby created (or continued if previously established or continued by the Prior Resolution) with, and shall be held by, the Depository Bank, segregated from all other funds and accounts of the Depository Bank or the Issuer and from each other, and used solely for the purposes provided in the Resolution and in the Prior Resolution:

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

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

(3) Costs of Issuance Fund; and

(4) Rebate Fund.

Establishment of Funds and Accounts with Paying Agent.

Pursuant to the Resolution, the following special funds and accounts are hereby created (or continued if previously established or continued by the Prior Resolution) with, and shall be held by, the Paying Agent, segregated from all other funds and accounts of the Paying Agent or the Issuer and from each other, and used solely for the purposes provided in the Resolution and in the Prior Resolution:

(1) Series 2006 Bonds Sinking Fund;

(a) Within the Series 2006 Bonds Sinking Fund;

(i) Series 2006 Bonds Reserve Account; and

(ii) Series 2006 Bonds Redemption Account.

System Revenues and Application Thereof.

So long as any of the Bonds shall be Outstanding and unpaid, the Issuer covenants as follows:

A. The entire Gross Revenues derived from the operation of the System and all parts thereof shall be deposited upon receipt by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolution and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolution. All Revenues at any time remaining on deposit in the Revenue Fund shall be disposed of only in the following manner and order of priority:

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent (i) for deposit in the Series 1983 B Bonds Sinking Fund, the amounts required by the Prior Resolution for payment of interest on the Series 1983 B Bonds, and (ii) beginning on the first day of that month which is 6 months prior to the first interest payment date on the Series 2006 Bonds, for deposit in the Series 2006 Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on the Series 2006 Bonds on the next ensuing semiannual interest payment date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2006 Bonds Sinking Fund and the next ensuing semiannual interest payment date is less than or greater than 6 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing semiannual interest payment date, the required amount of interest coming due on such date, and provided further, that the initial amount required to be transferred from the Revenue Fund and deposited in the Series 2006 Bonds Sinking Fund shall be reduced by the amount of accrued interest on the Series 2006 Bonds deposited therein and subsequent amounts required to be transferred from the Revenue Fund and deposited in the Series 2006 Bonds Sinking Fund shall be reduced by the amount of any earnings credited to the Series 2006 Bonds Sinking Fund.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and simultaneously remit to the Paying Agent (i) for deposit in the Series 1983 B Bonds Sinking Fund, the amounts required by the Prior Resolution for payment of principal on the Series 1983 B Bonds and (ii) beginning on the first day of that month which is 12 months prior to the first

principal payment date or mandatory redemption date of the Series 2006 Bonds, for deposit in the Series 2006 Bonds Sinking Fund and in the Series 2006 Bonds Redemption Account therein in the case of Term Bonds which are to be redeemed, a sum equal to 1/12th of the amount of principal which will mature or be redeemed and become due on the Series 2006 Bonds on the next ensuing principal payment date or mandatory redemption date, provided, that in the event the period to elapse between the date of such initial deposit in the Series 2006 Bonds Sinking Fund and the next ensuing principal payment date or mandatory redemption date is less than or greater than 12 months, then such monthly payments shall be increased or decreased proportionately to provide, 1 month prior to the next ensuing principal payment date or mandatory redemption date, the required amount of principal coming due on such date, and provided further, that the amount of such deposits shall be reduced by the amount of any earnings credited to the Series 2006 Bonds Sinking Fund and not previously credited pursuant to the preceding paragraph.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Paying Agent for deposit into the Series 2006 Bonds Reserve Account, an amount sufficient to remedy any decrease in value of the Series 2006 Bonds Reserve Account below the Series 2006 Bonds Reserve Requirement or any withdrawal from the Series 2006 Bonds Reserve Account, beginning with the first full calendar month following the date on which (a) the valuation of investments in the Series 2006 Bonds Reserve Account results in a determination that the amount of moneys and the value of the Qualified Investments deposited to the credit of the Series 2006 Bonds Reserve Account is less than the Series 2006 Bonds Reserve Requirement, or (b) any amount is withdrawn from the Series 2006 Bonds Reserve Account for deposit into the Series 2006 Bonds Sinking Fund. To the extent Net Revenues and any other legally available funds are available therefor, the amount so deposited shall be used to restore the amount of moneys on deposit in the Series 2006 Bonds Reserve Account to an amount equal to the Series 2006 Bonds Reserve Requirement to the full extent that such Net Revenues are available; provided, that no payments shall be required to be made into the Series 2006 Bonds Reserve Account whenever and as long as the amount deposited therein shall be equal to the Series 2006 Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month (as previously set forth in the Prior Resolution and not in addition thereto), transfer to the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any reserve account. All funds in the

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

Moneys in the Series 2006 Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest on the Series 2006 Bonds as the same shall become due, whether by maturity or redemption prior to maturity. Pending such use, such moneys shall be invested in accordance with Article V.

The Issuer shall not be required to make any further payments into the Series 2006 Bonds Sinking Fund when the aggregate amount of funds in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein, is at least equal to the aggregate principal amount of Series 2006 Bonds issued pursuant to the Resolution then Outstanding, plus the amount of interest due or thereafter to become due on the Series 2006 Bonds then Outstanding.

As and when additional Bonds ranking on a parity with the Series 2006 Bonds are issued, provision shall be made for additional payments into the respective sinking fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at or before maturity and to accumulate a balance in the respective reserve account in an amount equal to the maximum amount of principal and interest which will become due in any year for account of such additional parity Bonds.

The payments into the Series 2006 Bonds Sinking Fund shall be made on the first day of each month, except that, when the first day of any month shall be a Saturday, Sunday or legal holiday, then such payments shall be made on the next succeeding business day, and all such payments shall be remitted to the Paying Agent with appropriate instructions as to the custody, use and application thereof consistent with the provisions of the Resolution.

Principal and interest payments, and any payments made for the purpose of funding any reserve account, whether for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 1983 B Bonds and the

(B) The Issuer shall, or shall cause the Paying Agent to semiannually transfer from the Series 2006 Bonds Reserve Account to the Series 2006 Bonds Sinking Fund, any earnings on the moneys deposited therein and any other funds in excess of the requirement therefor; provided, however, that there shall at all times remain on deposit in the Series 2006 Bonds Reserve Account an amount at least equal to the requirement therefor.

(C) In computing the amount in any fund or account, Qualified Investments shall be valued at the lower of the cost or the market price, exclusive of accrued interest. Valuation of all funds and accounts shall occur annually, except in the event of a withdrawal from the Series 2006 Bonds Reserve Account, whereupon it shall be valued immediately after such withdrawal. If amounts on deposit in the Series 2006 Bonds Reserve Account shall, at any time, be less than the applicable requirement therefor, the Bond Insurer, if any, shall be notified immediately of such deficiency, such deficiency shall be made up from the first available Net Revenues after required deposits to the Series 2006 Bonds Sinking Fund and the Series 1983 B Bonds Sinking Fund have been made.

(D) All amounts representing accrued and capitalized interest shall be held by the Paying Agent, pledged solely to the payment of interest on the Series 2006 Bonds and invested only in Government Obligations maturing at such times and in such amounts as are necessary to match the interest payments to which they are pledged.

(E) Notwithstanding the foregoing, all moneys deposited in the Series 2006 Bonds Sinking Fund may be invested by the Paying Agent in the West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6(c) of the West Virginia Code of 1931, as amended.

Arbitrage.

The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 2006 Bonds in such manner and to such extent as may be necessary, so that the Series 2006 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations prescribed thereunder, and (ii) it will take all actions that may be required of it (including, without implied limitation, the timely filing of a federal information return with respect to the Series 2006 Bonds) so that the interest on the Series 2006 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.

Tax Certificate and Rebate.

A. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Series 2006 Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Series 2006 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 the Resolution.

B. The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. Upon completion of each such annual calculation, the Issuer shall deposit, or cause to be deposited, in the Rebate Fund such sums as are necessary to cause the aggregate amount on deposit in the Rebate Fund to equal the sum determined to be subject to rebate to the United States, which, notwithstanding anything in the Resolution to the contrary, shall be paid from investment earnings on the underlying fund or account established under the Resolution and on which such rebatable arbitrage was earned or from other lawfully available sources. Notwithstanding anything herein to the contrary, the Rebate Fund shall be held free and clear of any lien or pledge under the Resolution and used only for payment of rebatable arbitrage to the United States. The Issuer shall pay, or cause to be paid, to the United States, from the Rebate Fund, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. In the event that there are any amounts remaining in the Rebate Fund following all such payments required by the preceding sentence, the Depository Bank shall pay said amounts to the Issuer to be used for any lawful purpose of the System. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be from time to time in effect, with such reports and statements as may be prescribed by such Regulations. In the event that, for any reason, amounts in the Rebate Fund are insufficient to make the payments to the United States which are required, the Issuer shall assure that such payments are made by the Issuer to the United States, on a timely basis, from any funds lawfully available therefor. The Issuer at its expense, may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer may deem appropriate in order to assure compliance with the Resolution. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to the Resolution in accordance with the requirements of Section 148(f) of the Code and such Regulations. In the event the Issuer fails to make such rebates as required, the Issuer shall pay any and all penalties and the required amounts, from lawfully available sources, and obtain a waiver from the Internal Revenue Service, if necessary, in order to

maintain the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

Covenants Binding and Irrevocable.

All the covenants, agreements and provisions of under the Resolution shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2006 Bonds, as prescribed by Article VII. In addition to the other covenants, agreements and provisions of under the Resolution, the Issuer hereby covenants and agrees with the Holders of the Series 2006 Bonds, as hereinafter provided in the Resolution. All such covenants, agreements and provisions shall be irrevocable, except as provided in the Resolution, as long as any of the Series 2006 Bonds, or the interest thereon, are Outstanding and unpaid.

Bonds not to be Indebtedness of the Issuer.

The Series 2006 Bonds shall not be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness but shall be payable solely from the Net Revenues of the System, the moneys in the Series 2006 Bonds Sinking Fund and the Series 2006 Bonds Reserve Account therein, and the unexpended proceeds of the Series 2006 Bonds, all as provided in the Resolution. No Holder or Holders of the Series 2006 Bonds issued under the Resolution shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2006 Bonds or the interest thereon.

Bonds Secured by Parity Pledge of Net Revenues and Moneys in Sinking Fund.

The payment of the debt service of all of the Series 2006 Bonds issued under the Resolution shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the operation of the System, on a parity with the lien on the Net Revenues in favor of the Holders of the Series 1983 B Bonds, and all moneys and securities in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein. The Net Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Series 2006 Bonds herein authorized, and to make the payments into the Series 2006 Bonds Sinking Fund, all moneys and securities in the Series 2006 Bonds Sinking Fund, including the Series 2006 Bonds Reserve Account therein, and all other payments provided for in the Resolution, are hereby irrevocably pledged in the manner provided in the Resolution to the payment of the principal of and interest on the Series 2006 Bonds authorized in the Resolution as the same become due and for the other purposes provided in the Resolution.

Rates.

Prior to the issuance of the Series 2006 Bonds, rates or charges for the use of the services and facilities of the System will be fixed and established, all in the manner and form required by law, and a copy of such rates and charges so fixed and established shall at all times be kept on file in the office of the Issuer, which copy will be open to inspection by all interested parties. The schedule or schedules 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 and accounts created under the Resolution. Such schedule or schedules of rates and charges shall be revised from time to time, whenever necessary, so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) as long as the Series 2006 Bonds are outstanding, to leave a balance each year equal to at least 115% of the annual debt service on the Series 2006 Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 2006 Bonds, including the Series 1983 B Bonds.

The Issuer shall require that each annual audit contain a statement of the auditor that the Issuer either is or is not in compliance with the rate covenant contained in the Resolution. In the event that any audit contains a statement that the Issuer is not in compliance with the rate covenant contained in the Resolution, the Issuer hereby covenants that it shall, with in sixty (60) days of receiving the audit report, file a request with the Public Service Commission of West Virginia for a rate increase sufficient to comply with the above-mentioned rate requirement.

Operation and Maintenance.

The Issuer will maintain the System in good condition and will operate the same as a revenue-producing enterprise in an efficient and economical manner, making such expenditures for equipment and for renewal, repair and replacement as may be proper for the economical operation and maintenance thereof from the Revenues of said System in the manner provided in the Resolution.

Sale of the System.

So long as the Series 1983 B Bonds are Outstanding, the Issuer shall not sell, mortgage, lease or otherwise dispose of or encumber the System, or any part thereof, except

as provided in the Prior Resolution. Additionally, so long as the Series 2006 Bonds are Outstanding, 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 Bonds Outstanding. The proceeds from such sale, mortgage, lease or other disposition of the System shall be immediately remitted to Paying Agent for deposit in the respective sinking funds, and otherwise as prescribed by Section 9.01 of the Resolution. Any balance remaining after such defeasance shall be remitted to the Issuer by the Paying Agent unless necessary for the payment of other obligations of the Issuer payable out of the Revenues of the System.

The foregoing provisions 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 in the Resolution 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, is not in excess of $50,000, the Issuer shall, in writing, 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 shall be in excess of $50,000 but not in excess of $200,000, the Issuer shall first, in writing, determine with the written approval of the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof, and 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 derived from any such sale, lease or other disposition of such property, in excess of $50,000 and not in excess of $200,000, shall be remitted by the Issuer to the Paying Agent for deposit in the respective Sinking Fund. Such payment of such proceeds into the respective Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of the Resolution.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom shall be in excess of $200,000 and insufficient to pay all Bonds Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of 60% in amount of 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.

Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances.

The Issuer shall not issue any other obligations whatsoever, except additional parity Bonds provided for in Section 6.08 of the Resolution, 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 the Net Revenues with the Bonds; and all obligations hereafter issued by the Issuer payable from the Net 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 then Outstanding; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by the Resolution and the Prior Resolution at the time of the issuance of such subordinate obligations have been made and are current.

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, except with respect to such additional parity Bonds, being on a parity with the lien of the Bonds, and the interest thereon, upon any of the income and Revenues of the System pledged for payment of the Bonds and the interest thereon in the Resolution or upon the System or any part thereof.

Additional Parity Bonds.

So long as the Series 1983 B Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no additional parity Bonds payable out of the Revenues of the System shall be issued after the issuance of any Bonds pursuant to the Resolution, except under the conditions and in the manner provided in the Resolution.

No such additional parity Bonds shall be issued except for the purpose of financing the costs of the construction or acquisition of extensions, additions, betterments or improvements to the System or refunding one or more series of Bonds issued pursuant to the Resolution, or both such purposes.

No such additional parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Issuer a written statement by the Independent 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 additional 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 additional parity Bonds, if any, shall not be less than 115% of the largest aggregate

amount that will mature and become due in any succeeding Fiscal Year for principal of and interest on the following:

(1) The Bonds then Outstanding;

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

(3) The additional parity Bonds then proposed to be issued.

The "estimated average increased annual Net Revenues to be received in each of the 3 succeeding years," as that term is used in the computation provided in the above paragraph, shall refer only to the increased Net Revenues estimated to be derived from (a) the improvements to be financed by such Parity Bonds, and (b) any increase in rates adopted by the Issuer and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to the date of delivery of such additional 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 and approved by the Public Service Commission of West Virginia, the period for appeal of which has expired prior to issuance of such additional parity Bonds.

The District may issue Additional Parity Bonds without compliance with any other conditions for the purpose of refunding prior to maturity any of the Series 2006 Bonds, or portion thereof, if the aggregate debt service on said additional parity refunding Bonds and such additional parity refunding Bonds that will remain outstanding following such issuance will not exceed in any year that such additional parity refunding Bonds remain outstanding the debt service that would have been required in such year had the Bonds to be refunded by such additional parity refunding Bonds not been refunded.

Not later than simultaneously with the delivery of such additional parity Bonds, the Issuer shall have entered into written contracts for the immediate construction or acquisition of such extensions, additions, betterments or improvements, if any, to the System that are to be financed by such additional parity Bonds.

All covenants and other provisions of the Resolution (except as to details of such additional 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 the Resolution. All 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 hereby required for and on account of such additional parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to the Resolution.

All additional parity Bonds shall mature on the day of the years of maturities, and the semiannual interest thereon shall be payable on the days of each year, specified in a Supplemental Resolution.

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

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

Insurance and Bonds.

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 and bonds and worker's compensation coverage with a reputable insurance carrier or carriers or bonding company or companies covering the following risks and in the following amounts:

A. 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 and destroyed properties or for the other purposes provided in the Resolution 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 during construction in the full insurable value thereof.

B. 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 $100,000 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.

C. WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT OR COMPLETION BONDS, such bonds to be in the amounts of not less than 100% of the amount of any construction contract and to be required of each contractor dealing 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 any additions, extensions or improvements for the System in compliance with West Virginia Code, Section 38-2-39.

D. FLOOD INSURANCE, to extent available at reasonable cost to the Issuer.

E. BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

F. FIDELITY BONDS will be provided as to every officer 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.

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 thereof shall avail himself 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.

Enforcement of Collections.

The Issuer will diligently enforce and collect all fees, rates, 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 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 and to the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, all delinquent rates, rentals and other changes, 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 and facilities of the System and any services and facilities of the waterworks system, if so owned by the Issuer, to all delinquent users of services and facilities of the System and will not restore such services of the System (or waterworks system) until all billing for charges for the services and facilities of the System, plus reasonable interest penalty charges for the restoration of service, has been fully paid. If the waterworks system is not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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 or body, or agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Operating Budget.

The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, or at such earlier date required by the charter of the Issuer, prepare and adopt by

resolution a detailed budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year. 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 such a registered professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Original Purchaser 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 Original Purchaser, any Bond Insurer and to any Bondholder or anyone acting for and in behalf of such Bondholder who requests the same.

Mandatory Connections.

The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer, and in order to assure the rendering harmless of sewage and waterborne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building and every such owner, tenant or occupant shall, after a 30-day notice of the availability of sewerage services of the System, pay the rates and charges established therefor.

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

Events of Default.

Each of the following events shall constitute an "Event of Default" with respect to the Bonds:

(A) If default occurs in the due and punctual payment of the principal of or interest on any Bond;

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part in the Resolution or any Supplemental Resolution or in the Bonds contained, and such default shall have continued for a period of 30 days after written notice specifying such default and requiring the same to be remedied shall have been given to the Issuer by any Bondholder or any Bond Insurer;

(C) 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

(D) If default occurs with respect to the Series 1983 B Bonds or the Prior Resolution.

Enforcement.

Upon the happening and continuance of any Event of Default, any Bondholder or any Bond Insurer may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his rights and, in particular:

(A) Bring suit for any unpaid principal or interest then due;

(B) By mandamus or other appropriate proceeding enforce all rights of the Bondholders, including the right to require the Issuer to perform its duties under the Act and the Resolution;

(C) Bring suit upon the Bonds;

(D) 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 Bondholders; and

(E) By action or bill in equity enjoin any acts in violation of the Resolution or the rights of the Bondholders.

No remedy by the terms of the Resolution conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Bondholders under the Resolution or now or hereafter existing at law or by statute. All rights

and remedies of the Holders of the Series 2006 Bonds shall be on a parity with those of the Holders of the Series 1983 B Bonds.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default under the Resolution by the Bondholders shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Appointment of Receiver.

If there be any Event of Default existing and continuing, any Bondholder or any Bond Insurer 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 on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of the principal of and interest on the Bonds, the deposits into the funds and accounts hereby established as provided in the Resolution and the payment of Operating Expenses of the System and to apply such rates, rentals, fees, charges or other Revenues in conformity with the provisions of the Resolution and the Act.

The receiver so appointed shall forthwith, directly or by his agents and attorneys, enter into and upon and take possession of all facilities of the System and shall hold, operate, 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 issued pursuant to the Resolution and interest thereon and under any covenants of the Resolution for reserve, sinking or other funds and accounts 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 the Resolution shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Bondholder 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, 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 appointed in the discretion of such court. Nothing in the Resolution

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 in the Resolution.

Any receiver appointed as provided in the Resolution shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and the Holders of the Bonds issued pursuant to the Resolution. 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 possession, operation and maintenance of the System, for the sole purpose of the protection of both the Issuer and the Bondholders, and the curing and making good of any default under the provisions of the Resolution, and the title to and ownership of said System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, mortgage or otherwise dispose of any assets of the System.

Notwithstanding any other provision of the Resolution, in determining whether the rights of Bondholders will be adversely affected by any action taken pursuant to the terms and provisions of the Resolution, any trustee or Bondholder's committee shall consider the effect on the Bondholders as if no Municipal Bond Insurance Policy were then in effect.

Defeasance; Discharge of Pledge of Resolution.

If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 2006 Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in the Resolution, then the Resolution and the pledges of the Net Revenues and other moneys and securities pledged in the Resolution, and all covenants, agreements and other obligations of the Issuer on behalf of the Holders of the Series 2006 Bonds made in the Resolution, shall thereupon cease, terminate and become void and be discharged and satisfied, except as may be necessary to assure the exclusion of interest on the Series 2006 Bonds from gross income for federal income tax purposes.

The Series 2006 Bonds for the payment of which either moneys in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due the respective principal of and interest on the Series 2006 Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of the Resolution. All Series 2006 Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Paying Agent or an escrow trustee either moneys in an amount

which shall be sufficient, or securities the principal of and the interest on which, when due, will provide moneys which, together with the moneys, if any, deposited with the Paying Agent or said escrow trustee at the same or earlier time shall be sufficient, to pay when due the principal of, any redemption premium on and interest due and to become due on the Series 2006 Bonds on and prior to the maturity date thereof, or if the Issuer irrevocably determines to redeem any of the Series 2006 Bonds prior to the maturity thereof, on and prior to said Redemption Date. Neither securities nor moneys deposited with the Paying Agent or an escrow trustee pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Series 2006 Bonds; provided, that any cash received from such principal, redemption premium, if any, and interest payments on such securities deposited with the Paying Agent or said escrow trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal of and redemption premium, if any, and interest to become due on the Series 2006 Bonds on and prior to such maturity or Redemption Dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Paying Agent or said escrow trustee, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations, as such term is limited by the provisions in Section 1.01 of the Resolution or such additional securities as shall be set forth in the Supplemental Resolution.

Amendment of Resolution.

Prior to issuance of the Series 2006 Bonds, the Resolution may be amended or supplemented in any way by the Supplemental Resolution. All provisions required by the Bond Insurer, if any, shall be set forth in the Supplemental Resolution and to the extent they constitute an amendment or modification of the Resolution, shall be controlling. Following issuance of the Series 2006 Bonds, the Resolution and any Supplemental Resolution may be amended or modified without the consent of any Bondholder or other person, so long as such amendment or modification is not materially adverse to any Bondholder, as determined by an opinion of Bond Counsel. In the event any of the Bonds are insured, no such amendment or modification which adversely affects the security for such Bonds or the rights of any Bond Insurer for such Bonds may be effected without the written consent of such Bond Insurer. Otherwise, no materially adverse amendment or modification to the Resolution, or of any Supplemental Resolution, may be made without the written consent of the Holders of 60% in aggregate principal amount of the Series 2006 Bonds then Outstanding and affected thereby and such Bond Insurer, which must be filed with the Issuer before any such modification or amendment may be made. No such modification or amendment shall extend the maturity of or reduce the interest rate on, or otherwise alter the terms of payment of the principal of or interest on, any Series 2006 Bond without the express written consent of the Holder of each Series 2006 Bond so affected, nor reduce the percentage of Series 2006 Bonds required for consent to any such modification or amendment.

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Appendix E

Proposed Form of Continuing Disclosure Agreement

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Certificate (the "Certificate") is made and entered into by the Greenbrier Public Service District No. 1, a political subdivision of the State of West Virginia (the "Issuer"), in connection with the issuance of its $3,185,000 Sewer Refunding Revenue Bonds, Series 2006 (the "Bonds"). The Bonds are being issued pursuant to the Issuer's Bond Resolution adopted on October 20, 2006, and its Supplemental Resolution adopted on October 20, 2006 (collectively, the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

Any filing under this Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution and the Bond Purchase Agreement dated October 24, 2006, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Certificate.

"Beneficial Owner" shall mean any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Central Post Office" shall mean the MAC, which shall receive Annual Reports and Listed Events and then electronically transmit them to the National Repositories and the State Repository.

"Dissemination Agent" shall initially mean the Issuer and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer

and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Central Post Office for delivery to each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Certificate, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days following the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2007 Fiscal Year, provide to the Central Post Office for delivery to each Repository an Annual Report, which is consistent with the requirements of Section 4 of this Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and not later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Central Post Office for delivery to each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Within three hundred (300) days after the end of its 2006 fiscal year and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Depository, unaudited general purpose financial statements of the Issuer, and

(b) Within fifteen (15) days after receipt by the Issuer of its 2007 fiscal year-end, and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Repository, core financial information and operating data of the Issuer for the prior fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted auditing principles in effect from time to time, and (ii) material historical quantitative data of the type found in the Official Statement under the caption "Financial Statements of the Issuer":

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities; and

11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of any of the Listed Events, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board, the Central Post Office for delivery to the National Repository and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it is any future Annual Report or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Certificate (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Certificate in the event of any failure of the Issuer to comply with this Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: November 15, 2006

GREENBRIER PUBLIC SERVICE DISTRICT

By: _____
Chairman

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Greenbrier Public Service District

Name of Issue: $3,185,000 Greenbrier Public Service District
Sewer Refunding Revenue Bonds, Series 2006 A

Date of Issuance: November 15, 2006

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated this _____.

GREENBRIER PUBLIC SERVICE DISTRICT

By: _____
Chairman

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of November 1, 2006

Central Post Office
Website: http://www.disclosureusa.org

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
FAX: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

RESERVED

$3,185,000
GREENBRIER PUBLIC SERVICE DISTRICT NO. 1 (WEST VIRGINIA)
SEWER REFUNDING REVENUE BONDS, SERIES 2006

BOND PURCHASE AGREEMENT

October 24, 2006

Greenbrier Public Service District No. 1
318 West Washington Street
Lewisburg, WV 24901

Ladies and Gentlemen:

Crews & Associates, Inc. (the "Underwriter"), offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with the Greenbrier Public Service District No. 1 (the "District"). This offer is made subject to acceptance and execution of this Purchase Agreement by the District prior to 11:59 p.m., local prevailing time on the date hereof, or until withdrawn by the Underwriter upon written notice to the District as permitted herein, whichever shall occur earlier. Upon such acceptance and approval, as evidenced by the signature of the Chairman of the District in the space provided below, this Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the District and the Underwriter.

All capitalized terms used in this Purchase Agreement and not otherwise defined herein shall have the meanings set forth in the hereinafter described Resolution.

1. The Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 2006 ("Series 2006 Bonds") are being issued to provide funds, together with other funds available therefor, to (i) refund certain outstanding sewer revenue bonds of the District (the "Series 1996 Bonds"); (ii) fund a reserve account for the Series 2006 Bonds; and (iii) pay certain costs of issuance of Series 2006 Bonds and related costs.

The Series 2006 Bonds shall be as described in, and shall be issued and secured under and pursuant to the provisions of the Bond Resolution adopted by the Board of the District on October 20, 2006 (the "Resolution"), and as supplemented by a Supplemental Resolution on October 20, 2006 (collectively, the "Resolution").

Upon the terms and conditions and upon the basis of the representations and warranties set forth in this Purchase Agreement, the Underwriter agrees to purchase from the District, and the District agrees, to sell to the Underwriter the Series 2006 Bonds, at an aggregate purchase price of $3,115,134.18. This purchase price reflects an underwriter's discount of $63,700, an original issue discount of $11,197.65 and accrued interest of

$5,031.85 on the Series 2006 Bonds from November 1 to November 15, 2006. The Series 2006 Bonds shall mature on the dates and in the amounts, and shall bear interest, payable semiannually on April 1 and October 1, commencing April 1, 2007.

The Underwriter agrees to make a bona fide public offering of the Series 2006 Bonds at the initial offering prices as set forth in the Official Statement (as hereinafter defined) and in Appendix A, which prices may be changed from time to time by the Underwriter.

2. Concurrently with the acceptance of this Purchase Agreement by the District, the District shall deliver or cause to be delivered to the Underwriter two copies of the Preliminary Official Statement relating to the Series 2006 Bonds, substantially in the form of the Preliminary Official Statement dated October 20, 2006 (the "Preliminary Official Statement") and prior to delivery of the Series 2006 Bonds, seven copies of the Official Statement (the "Official Statement") dated the date of this Purchase Agreement, signed on behalf of the District by its Chairman as requested below.

3. The Official Statement has been approved for distribution by the Resolution. The District authorizes the use of copies of the Official Statement and the Resolution, in connection with the public offering and sale of the Series 2006 Bonds.

On October, 20, 2006, the District delivered to the Underwriter the Preliminary Official Statement and the Underwriter received a certificate from the District which deemed the Preliminary Official Statement "final" within the meaning of clause (b)(1) of Rule 15c2-12 ("Rule 15c2-12") under the Securities and Exchange Act of 1934 (17 C.F.R. § 240.15c2-12) and Rule G-32 and all other rules of the Municipal Securities Rulemaking Board. The District shall thereafter deliver to the Underwriter within seven days of the date hereof, such number of copies of the final Official Statement as the Underwriter may reasonably request in order for the Underwriter to comply with the rules of the Municipal Securities Rulemaking Board and Rule 15c2-12(b)(4) under the Securities Exchange Act of 1934. The District shall deliver or cause to be delivered to the Underwriter, after the acceptance by the District of this Purchase Agreement, and within the time required by Rule 15c2-12, an adequate number of copies of the Official Statement.

Unless otherwise notified in writing by the Underwriter on or prior to the date of Closing, the "End of the Underwriting Period" for the Bonds for all purposes of Rule 15c2-12 is the date of the Closing, as hereinafter defined. In the event such notice is given in writing by the Underwriter, the Underwriter agrees to notify the District in writing following the occurrence of the End of the Underwriting Period for the Bonds as defined in Rule 15c2-12.

The District covenants and agrees that if, after the date of this Purchase Agreement and until after the End of the Underwriting Period (as determined above), any event shall occur of which the District has actual knowledge as a result of which it is necessary to amend or supplement the Official Statement to make the Official Statement not

misleading in any material respect in light of the circumstances then existing, or if it is necessary to amend or supplement the Official Statement to comply with law, to notify the Underwriter (and for the purposes hereof to provide the Underwriter with such information as they may from time to time reasonably request), and to cooperate in the preparation of a reasonable number of copies of either amendments or supplements to the Official Statement (in form and substance satisfactory to the Underwriter and its counsel) at the expense of the District so that the Official Statement as so amended and supplemented will not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading in any material respect.

For the purposes of this paragraph and for only so long as required by this paragraph, the District will furnish such information with respect to itself as the Underwriter from time to time reasonably requests. The Underwriter hereby agrees that it will deposit or cause to be deposited with a nationally recognized municipal securities information repository a copy of the Official Statement at or prior to the time contemplated by Rule 15c2-12.

The Underwriter acknowledges and agrees that any liability of the District that may arise from its representations and agreements made in this paragraph 3 shall be limited to the proceeds of the Bonds (provided that the foregoing shall not be deemed to prevent the Underwriter or the District from seeking to enforce such agreements).

4. At 10:00 a.m. prevailing time, on November 15, 2006, or such other date as shall be agreed upon by the parties to this Purchase Agreement (the "Closing"), the District will deliver or cause to be delivered to the Underwriter, (a) the Series 2006 Bonds in the form of one certificate for each maturity fully registered in the name of CEDE & CO., as registered owner and nominee of The Depository Trust Company, New York, New York ("DTC"), duly executed by the District and authenticated by the Registrar, and (b) at such other place as we mutually agree upon, will deliver to the Underwriter the other documents required in this Purchase Agreement and by the Resolution. Upon such delivery of the Series 2006 Bonds, the Underwriter will accept such delivery and pay the purchase price therefor, plus any accrued interest thereon, in immediately available funds to the order of the Municipal Bond Commission and the Depository Bank, for the account of the District. Such delivery shall be made at DTC, with the payment and other requisite actions to be taken at the place designated by the parties to this Purchase Agreement. The Series 2006 Bonds shall be made available to the Underwriter at DTC forty-eight (48) hours before the Closing for the purpose of inspection and packaging; provided that if DTC Fast delivery is used, then the Bonds shall be made available to the Registrar by 4:00 p.m. on November 14, 2006. If the District does not have a Blanket DTC Letter of Representation (the "DTC Letter of Representations"), the District agrees to provide one to DTC.

5. The District represents and warrants to the Underwriter and agrees that:

(a) The District is a public service district and a public corporation and political subdivision of the State of West Virginia in Greenbrier County of said State. The Series 2006 Bonds are being issued pursuant to the Constitution and laws of the State of West Virginia (the "State"), specifically Chapter 16, Article 13A of the Code of West Virginia, 1931, as amended (the "Act");

(b) The District shall have complied and will comply at the Closing in all respects with all applicable statutes and laws, including the Act;

(c) The District has full legal right, power and authority to issue bonds for purposes provided in the Resolution and to enter into this Purchase Agreement, to adopt the Resolution and to issue, sell and deliver the Bonds to the Underwriter as provided herein and to carry out and consummate all other transactions contemplated by each of the aforesaid documents;

(d) The District shall on or before the Closing have entered into a Prepayment Agreement dated as of the date of the Bonds (the "Prepayment Agreement") by and among the District, the West Virginia Municipal Bond Commission (the "Escrow Agent") and The Bank of New York, as paying agent (the "Paying Agent"), pursuant to which an escrow fund (the "Escrow Fund") shall be created. The Escrow Fund is to be held by the Escrow Agent in trust for the payment of the Prior Bonds and for the benefit of the holders thereof. The Escrow Fund is to be invested as described in the Prepayment Agreement;

(e) The cash deposited in the Escrow Fund, and the income to be derived from the investment thereof shall be sufficient to defease the Prior Bonds described in the Prepayment Agreement and the liens of the resolutions authorizing such bonds, all in accordance with the provisions of the Act;

(f) The information contained in the Preliminary Official Statement and in the Official Statement is and, as of the Closing Date, will be true and does not contain and will not contain any untrue statement of a material fact and does not omit and will not omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(g) At the time of the District's acceptance hereof and (unless an event occurs of the nature described in subparagraph (i)) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (k) hereof), the Official Statement does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) If the Official Statement is supplemental or amended pursuant to subparagraph (i) at the time of each supplement or amendment thereto and (unless

subsequently again supplemented or amended pursuant to such subparagraph) at all times during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (k) hereof), the Official Statement as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If during the period from the date of this Purchase Agreement to and including the date which is twenty-five (25) days following the End of the Underwriting Period for the Bonds (as determined in accordance with subparagraph (k) hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District shall notify the Underwriter of any such event of which it has knowledge and, if in the opinion of the Underwriter such event requires the preparation and publication of a supplement or amendment to the Official Statement, the District will prepare and furnish to the Underwriter (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance approved by the District and acceptable to the Underwriter, and (ii) if such notification shall be subsequent to the Closing, such legal opinion, certification, instruments and other documents as the Underwriter may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement;

(j) Prior to the District's acceptance hereof, the District delivered to the Underwriter copies of the Preliminary Official Statement which the District deemed final (for purposes of Rule 15c2-12 under the Securities Exchange Act of 1934) as of the date thereof; provided, however, that in making the representation and warranty contained in this paragraph (j) the District shall not be deemed to have made any additional representation or warranty as to the Preliminary Official Statement other than the representation and warranty contained in paragraph (f);

(k) For purposes of this Purchase Agreement, the End of the Underwriting Period for the Bonds shall mean the earlier of (a) the day of the Closing unless the District has been notified in writing by the Underwriter, on or prior to the day of the Closing, that the End of the Underwriting Period for the Bonds for all purposes of Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 (the "Rule") will not occur on the day of the Closing, or (b) the date on which notice is given to the District by the Underwriter in accordance with the following sentence. In the event that the Underwriter has given notice to the District pursuant to clause (a) above that the "end of the underwriting period" for the Bonds will not occur on the day of the Closing, the Underwriter agrees to notify the District in writing as soon as practicable following the "end of the underwriting period" for the Bonds for all purposes of the Rule;

(l) At or prior to the Closing, the District shall have duly authorized, executed and delivered a written continuing disclosure undertaking (an "Undertaking") which complies with the provisions of Rule 15c2-12(b)(5) and which shall be substantially in the form described in the Preliminary Official Statement;

(m) The District has duly authorized all necessary action to be taken by you for: (l) the issuance and sale of the Series 2006 Bonds upon the terms set forth herein, in the Resolution and in the Official Statement; (2) the execution and delivery of the Resolution, the Prepayment Agreement and the Undertaking; (3) the approval of the Official Statement and the execution of the Official Statement by the Chairman; (4) the refunding of the Series 1996 Bonds pursuant to the Resolution; (5) the execution, delivery, receipt and due performance of this Purchase Agreement, the Bonds, the Resolution, the Prepayment Agreement, the Undertaking and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement; and (6) the carrying out, giving effect to and consummation of the transactions contemplated hereby and by the Resolution and the Official Statement;

(n) When delivered to and paid for by the Underwriter in accordance with the terms of this Purchase Agreement, the Series 2006 Bonds will have been duly authorized, executed, authenticated, issued and delivered and will constitute valid and binding obligations of the District payable solely from the Net Revenues and moneys pledged therefor under the Resolution and will be entitled to the benefit of the Resolution. Neither the credit nor the taxing power, if any, of the District shall be deemed to be pledged to, nor shall a tax ever be levied for the payment of the principal of or the interest on the Series 2006 Bonds;

(o) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before or by any court, public board or body pending or, to your knowledge, threatened against or affecting you (or, to your knowledge, any basis therefor) wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated hereby or by the Official Statement or the validity of the Series 2006 Bonds, the Prepayment Agreement, the Undertaking, the Resolution, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated hereby or by the Official Statement or the validity of the Series 2006 Bonds, the Resolution, the Prepayment Agreement, the Undertaking, this Purchase Agreement or any agreement or instrument to which you are a party and which is used or contemplated for use in the consummation of the transactions contemplated hereby or by the Official Statement;

(p) The execution and delivery of the Official Statement, this Purchase Agreement, the Series 2006 Bonds, the Resolution, the Undertaking, the Prepayment Agreement and the other agreements contemplated hereby and by the Official Statement, and compliance with the provisions thereof, will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are

subject or by which you are or may be bound, and to your knowledge all consents, approvals, authorizations and orders of governmental or regulatory authorities which are required for the consummation of the transactions contemplated thereby have been obtained;

(q) The District has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that you are a bond issuer whose arbitrage certifications may not be relied upon;

(r) All financial statements of the District included as a part of the Preliminary Official Statement and the Official Statement (the "Financial Statements"), fairly present the District's financial condition as of the respective dates and the results of its operations for the respective periods therein set forth and have been prepared when so indicated in accordance with generally accepted accounting principles consistently applied and since the respective most recent dates as of which information is given in the Preliminary Official Statement or the Official Statement, there has not been any material change in the long-term debt or capitalization of the District or any material adverse change in the general affairs, management, financial position, or results of operations of the District and no material transactions or obligations other than in the ordinary course of business have been entered into with respect to the System by the District, except as reflected in or contemplated by the Official Statement; and

(s) Any certificate signed by your Chairman or any of your authorized officers and delivered to the Underwriter shall be deemed a representation and warranty by you to the Underwriter as to the statements made therein. It is understood that the representations, warranties and covenants by the District contained in this Section 5 and elsewhere in this Purchase Agreement shall not create any general obligation or liability of the District, and that any obligation or liability of the District hereunder or under the Resolution will be payable solely out of the Net Revenues and other income, charges and moneys derived by the District from, or in connection with the sale of the bonds, nor shall any member, official or employee of the District be personally liable therefor.

6. The Underwriter has entered into this Purchase Agreement in reliance upon the representations and agreements of the District made herein. The Underwriter's obligations under this Purchase Agreement are and shall be subject to the following further conditions:

(a) At or prior to the time of Closing, the Resolution, the Undertaking, and Prepayment Agreement, as approved by the Underwriter or its counsel, shall have been approved by the appropriate parties, shall have been duly executed, acknowledged, sealed and delivered, shall be in full force and effect and shall not have been amended, modified or supplemented, except as therein permitted or as may have been agreed to in writing by the Underwriter.

(b) The Underwriter shall have the right to cancel its obligations hereunder to purchase the Series 2006 Bonds (such cancellation shall not constitute a default hereunder)

by notifying the District in writing of its election to do so between the date hereof and the Closing Date, if at any time hereafter and prior to the Closing Date:

(i) Any legislation, rule or regulation shall be introduced in, or enacted by, the United States House of Representatives or the United States Senate or any committee thereof, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States or the Internal Revenue Service shall be made or proposed, which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2006 Bonds;

(ii) Any legislation, ordinance, rule or regulation shall be introduced in or enacted by any governmental body, department or agency of the State of West Virginia or political subdivision thereof, or a decision by any court of competent jurisdiction within the State of West Virginia shall have been rendered which, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Series 2006 Bonds;

(iii) A stop order, ruling, regulation or official statement by, or on behalf of, the Securities and Exchange Commission or any other government agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering for sale of obligations of the general character of the Series 2006 Bonds, or the issuance, offering or sale of the Series 2006 Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation of any provisions of the Securities Act of 1933, as amended and as then in effect, or the registration provisions of the Securities and Exchange Act of 1934, as amended and as then in effect, or the qualification provisions of the Trust Indenture Act of 1939, as amended and as then in effect;

(iv) Any event shall have occurred or information become known which, in the Underwriter's reasonable opinion, makes untrue in any material respect any statement or information contained in the Preliminary Official Statement or the Official Statement or the Underwriter shall have determined that the Preliminary Official Statement or the Official Statement contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(v) A general banking moratorium shall have been established by Federal, New York State or West Virginia authorities;

(vi) In the reasonable opinion of the Underwriter, the market price of the Series 2006 Bonds, or the market price generally of obligations of the general character of the Series 2006 Bonds, has been adversely affected because (1) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, (2) the New York Stock Exchange, other national securities exchange or any governmental authority shall have imposed as to the Series 2006 Bonds or similar obligations any material

restrictions not now in force, or increased materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter, or (3) war or any outbreak of hostilities or other national or international calamity or crisis shall have occurred or any armed conflict shall have occurred or escalated to such a magnitude as in the reasonable opinion of the Underwriter to have a materially adverse effect on the ability of the Underwriter to market the Series 2006 Bonds;

(vii) An event described in paragraph 5(i) hereof shall have occurred which in the opinion of the Underwriter requires the preparation and publication of a supplement or amendment to the Official Statement, regardless of whether or not such a supplement or amendment to the Official Statement has been prepared and/or circulated, unless the Underwriter shall have otherwise agreed that this Purchase Agreement shall not be terminated as a result of such event; or

(viii) There shall have been any materially adverse change in the affairs of the District.

(c) At or prior to the Closing, the Underwriter and the District shall receive the following documents, in each case in form and substance satisfactory to us and our counsel:

(1) The unqualified approving opinion, dated as of the Closing Date, of Steptoe & Johnson PLLC, Bond Counsel, in the form attached as Appendix C to the Preliminary Official Statement accompanied by a supplemental opinion of Bond Counsel, dated as of the Closing Date, substantially in the form attached hereto as Exhibit B and an opinion with respect to the defeasance of the Series 1996 Bonds;

(2) The opinion of Steven Hunter, Esq., Lewisburg, West Virginia, Counsel for the District, dated the date of Closing and addressed to the Underwriter in the form attached hereto as Exhibit C;

(3) The opinion of Jackson Kelly PLLC, Charleston, West Virginia, counsel for the Underwriter, dated as of the Closing Date, substantially in the form attached hereto as Exhibit D;

(4) A certificate of the Escrow Agent dated as of the Closing Date, to the effect that (a) the Escrow Agent has the authority to act as Escrow Agent and for and in connection with the Prior Bonds and has requisite powers to carry out its duties under the Prepayment Agreement; and (b) the Prepayment Agreement has been duly and validly authorized, executed and delivered by the Escrow Agent, and assuming due authorization, execution and delivery thereof by the District and Paying Agent, the Prepayment Agreement constitutes a valid and legally binding obligation of the Escrow Agent, enforceable in accordance with its terms;

(5) A certificate, satisfactory to the Underwriter, of the Chairman of the District or any other of your duly authorized officers satisfactory to the Underwriter, dated as of the Closing, to the effect that: (i) you have duly performed all of your obligations to be performed at or prior to the Closing and that each of your representations and warranties contained herein are true as of Closing, (ii) you have authorized, by all necessary action, the execution, delivery, receipt and due performance of the Bonds, the Resolution, the Undertaking, the Prepayment Agreement and any and all such other agreements and documents as may be required to be executed, delivered and received by you in order to carry out, give effect to and consummate the transactions contemplated hereby and by the Official Statement, (iii) to your knowledge no litigation is pending, or to your knowledge threatened, to restrain or enjoin the issuance or sale of the Series 2006 Bonds or in any way affecting any authority for or the validity of the Series 2006 Bonds, the Resolution or your existence or powers or the District's right to use the proceeds of the Series 2006 Bonds to refund the Prior Bonds, (iv) the execution, delivery, receipt and due performance of the Series 2006 Bonds, the Resolution, the Prepayment Agreement, the Undertaking and the other agreements contemplated hereby and by the Official Statement under the circumstances contemplated thereby and your compliance with the provisions thereof will not conflict with or constitute on your part a breach of or a default under any existing law, court or administrative regulation, decree or order or any agreement, indenture, mortgage, lease or other instrument to which you are subject or by which you are or may be bound;

(6) Verification of the yield on the Series 2006 Bonds and the Escrow Fund and verification of the debt service savings obtained by refunding the Series 1996 Bonds by Griffith & Associates, Certified Public Accountants, Alum Creek, West Virginia;

(7) Copies of the Prepayment Agreement, the Resolution and this Purchase Agreement executed by the parties thereto;

(8) A Certificate of the Bond Registrar to the effect that all conditions precedent contained in the Resolution for the issuance of the Series 2006 Bonds have been met, and are entitled to the benefit and security of the Resolution;

(9) The Resolution, certified by the Secretary of the District under the seal of the District, as having been duly adopted by the District and as being in full force and effect, with only such amendments, modifications or supplements as may have been agreed to by the Underwriter;

(10) A certificate dated the day of Closing, signed on behalf of the District by the Chairman or such other officials or representatives of the District satisfactory to the Underwriter, together with certificates signed by the authorized officer of the Escrow Agent, that the funds on deposit in the Escrow Fund and the Government Securities acquired simultaneously with the Closing, including the interest thereon, are in amounts sufficient to discharge the Series 1996 Bonds and the lien of the Series 1996 Resolution, as those terms are defined in the Resolution, and that such liens have in fact been discharged;

(11) A final order from the Public Service Commission of West Virginia approving the refunding of the Series 1996 Bonds;

(12) The written consent of the West Virginia Water Development Authority to the issuance of the Series 2006 Bonds on a parity with the Series 1983 B Bonds;

(13) Executed copies of the Undertaking described in paragraph 5(l), in form and substance satisfactory to the Underwriter and counsel to the Underwriter;

(14) A certificate of the District executed by an authorized officer thereof, dated the Closing Date and in form and substance satisfactory to the Underwriter and counsel to the Underwriter, to the effect that the District is obligated by such Undertaking and is in full compliance with all of its prior written continuing disclosure undertakings entered into pursuant to the provisions of Rule 15c2-12(b)(5);

(15) Evidence to the effect that the requirements of the Code have been satisfied by the filing of Internal Revenue Service Form 8038-G;

(16) A certificate from Griffith & Associates, Certified Public Accountants, that the parity test set forth in the Prior Resolution as amended, has been met;

(17) A certificate from Griffith & Associates, Certified Public Accountants, that the District has Net Revenues sufficient to meet the rate coverage requirements of the Resolution; and

(18) Such additional legal opinions, certificates, proceedings, instruments and other documents as the Underwriter or Bond Counsel may reasonably request including the opinion of Bond Counsel with respect to the original issue discount/premium.

If the District shall be unable to satisfy or cause to be satisfied the conditions to the Underwriter's obligations in this Purchase Agreement or if the Underwriter's obligations shall be terminated for any reason permitted by this Purchase Agreement, this Purchase Agreement shall terminate and neither the Underwriter nor the District shall have any further obligations, claims or rights hereunder. However, the Underwriter may in its discretion waive in writing one or more conditions imposed by this Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

7. The Underwriter shall be under no obligation to pay, and, if the Series 2006 Bonds are issued, the District shall pay or cause the District to be paid from the proceeds of the Series 2006 Bonds, any fees and expenses incident to the performance of the District's obligations hereunder including (i) all expenses in connection with the printing and distribution of the Preliminary Official Statement, the Official Statement and any amendment or supplement to either; (ii) all expenses in connection with the preparation, printing,

issuance and delivery of the Series 2006 Bonds; (iii) the fees and disbursements of Steptoe & Johnson PLLC, Bond Counsel; (iv) the fees and disbursements of Steven Hunter, Esq., Counsel for the District; (v) the fees and disbursements of Jackson Kelly PLLC, counsel for the Underwriter; (vi) all advertising expenses in connection with the public offering of the Series 2006 Bonds; (vii) the fees and expenses of the Escrow Agent and Paying Agent, if any; (vii) the fees and expenses of Griffith & Associates CPA; and (viii) all other expenses and cost (including the fees and expenses of the District) for the authorization, issuance, sale and distribution of the Series 2006 Bonds.

8. The Underwriter shall pay from the underwriting spread all other expenses incurred by them in connection with their public offering and distribution of the Series 2006 Bonds, including all out-of-pocket expenses, travel and other expenses.

9. For so long as the Underwriter, or dealers or banks, if any, participating in the distribution of the Series 2006 Bonds, are offering Series 2006 Bonds which constitute the whole or a part of their unsold participations, the District will: (a) not adopt any amendment of or supplement to the Official Statement to which, after having been furnished with a copy, the Underwriter shall object in writing or which shall be disapproved by Counsel for the Underwriter, unless, in the opinion of Counsel to the District, such amendment or supplement is required to make the Official Statement not misleading, and (b) if any event relating to or affecting the District shall occur as a result of which it is necessary, in the opinion of Bond Counsel or Counsel for the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, forthwith prepare and furnish to the Underwriter a reasonable number of copies of an amendment or a supplement to the Official Statement (in form and substance satisfactory to the Counsel for the Underwriter) which will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to a purchaser, not misleading. The expense of preparing such amendment or supplement shall be borne by the District. For the purposes of this paragraph, the District will furnish such information with respect to themselves as the Underwriter from time to time may request.

10. Neither the members or officers of the District nor their employees shall be personally liable for breach of any representation, agreement or warranty made by the District within this Purchase Agreement.

11. Any notice or other communication to be given under this Purchase Agreement may be given by delivering the same in writing as follows:

To the District:

Greenbrier Public Service District No. 1
318 West Washington Street

Lewisburg, West Virginia 24901
Attention: Chairman

To the Underwriter:

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, WV 25301

12. This Purchase Agreement is made solely for the benefit of the District and the Underwriter (including the successors or assigns of the Underwriter) and no other person, partnership, association or corporation shall acquire or have any right hereunder or by virtue hereof. All agreements of the District in this Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriter and shall survive the delivery of and payment for the Series 2006 Bonds.

13. This Purchase Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute one instrument.

14. The approval of the Underwriter when required hereunder or the determination of its satisfaction with any document referred to herein shall be in writing signed by the Representative and delivered to the District. This Purchase Agreement shall become legally effective upon its acceptance by the District, as evidenced by the signature of the Chairman of the District in the space provided hereinafter therefor.

15. This Purchase Agreement may be signed in counterparts.

CREWS & ASSOCIATES, INC.

By: _____
Its: Vice President

ACCEPTED AND APPROVED:

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1

By: _____
Its: Chairman

{C1134926.5}

EXHIBIT A

AMOUNTS, MATURITIES AND INTEREST RATES

Maturity	Amount	Interest Rate	Yield
10/01/2007	$180,000	3.800%	3.850%
10/01/2008	205,000	4.000	3.950
10/01/2009	210,000	4.000	3.999
10/01/2010	220,000	4.000	4.020
10/01/2011	230,000	4.000	4.040
10/01/2012	185,000	4.000	4.080
10/01/2013	250,000	4.000	4.100
10/01/2014	255,000	4.000	4.120
10/01/2015	265,000	4.100	4.140
10/01/2016	280,000	4.150	4.170
10/01/2017	290,000	4.150	4.210
10/01/2018	300,000	4.200	4.240
10/01/2019	315,000	4.200	4.280

(Accrued interest to be added)

Bonds - Optional Redemption

At the option of the District, the Bonds will be subject to redemption prior to maturity on or after October 1, 2012, at par.

EXHIBIT B

[Letterhead of Steptoe & Johnson PLLC]

[to come]

EXHIBIT C

[Letterhead of Steve Hunter, Esq.]

[to come]

EXHIBIT D

November 15, 2006

Crews & Associates, Inc.
300 Summers Street, Suite 930
Charleston, West Virginia 25301

Re: $_____ Greenbrier Public Service District No. 1 (West Virginia) Sewer Refunding Revenue Bonds, Series 2006

Ladies and Gentlemen:

We have acted as counsel to you (the "Underwriter") in connection with the issuance and sale by Greenbrier Public Service District No. 1 (the "District") of its Sewer Refunding Revenue Bonds, Series 2006, in the aggregate principal amount of $_____ (the "Series 2006 Bonds"). In connection with rendering this opinion, we have examined the Official Statement dated October __, 2006, the Bond Purchase Agreement dated October 24, 2006 (the "Purchase Agreement"), the Continuing Disclosure Agreement November __, 2006 (the "Undertaking"), and Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"). Capitalized terms used but not defined herein shall have the meanings set forth in the Purchase Agreement.

Based upon the foregoing review, we are of the opinion that the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule. In rendering the foregoing opinion, we have relied as to certain matters on information obtained from officials of the District and other sources believed by us to be responsible and we have assumed that the Undertaking has been duly authorized, executed and delivered by the parties thereto.

Without having undertaken to determine independently the accuracy or completeness of the statements contained in the Official Statement, but on the basis of our conferences with representatives of the District, counsel for the District, Bond Counsel and the Underwriter, and our examination of certain documents referred to in the Official Statement, nothing has come to our attention that would lead us to believe that the Official Statement (excluding therefrom the financial and statistical data included in the Official Statement, including Appendix A and Appendix B thereto as to which we express no

opinion) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading.

This opinion is solely for the benefit of, and may be relied upon only by, the Underwriter; and it is not to be used, circulated, quoted or otherwise referred to for any other purpose, except that a copy hereof may be included in the transcript of closing documents pertaining to the delivery of the Series 2006 Bonds.

Very truly yours,

RULE 15c2-12 CERTIFICATE
OF THE GREENBRIER PUBLIC SERVICE DISTRICT NO. 1

The undersigned hereby certify and represent to Crews & Associates, Inc. (the "Underwriter"), that he is the duly appointed and acting officer of the Greenbrier Public Service District No. 1 (the "District"), authorized to execute and deliver this Certificate and further certifies on behalf of the District to the Underwriter as follows:

(1) This Certificate is delivered to enable the Underwriter to comply with Rule 15c2-12, as amended, under the Securities Exchange Act of 1934, as amended (the "Rule"), in connection with the offering and sale of Greenbrier Public Service District No. 1 Sewer Refunding Revenue Bonds, Series 2006 (the "Bonds").

(2) In connection with the offering and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated the date hereof, setting forth information concerning the Bonds and the District (the "Preliminary Official Statement").

(3) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms depending on such matters, all with respect to the Bonds and any underlying obligations.

(4) The information with respect to the District included in the Preliminary Official Statement is final within the meaning of the Rule, except for Permitted Omissions, and is accurate and complete in all material respects except for Permitted Omissions.

(5) If, at any time prior to the execution of the final Bond Purchase Agreement, any event occurs as a result of which the Preliminary Official Statement might include an 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, the District shall promptly notify the Underwriter thereof.

(6) The section of the Preliminary Official Statement entitled Continuing Disclosure describes the agreement the District expects to make for the benefit of the Bondholders in the Ordinance, as defined by the Preliminary Official Statement, by which the District will undertake to provide ongoing disclosure in accordance with Section (b)(5)(I) of the Rule.

IN WITNESS WHEREOF, I have hereunto set my hand as of this 15th day of November, 2006.

GREENBRIER PUBLIC SERVICE DISTRICT
NO. 1

By: _____
Its: Chairman

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate") is made and entered into by the Greenbrier Public Service District No. 1, a political subdivision of the State of West Virginia (the "Issuer"), in connection with the issuance of its $3,185,000 Sewer Refunding Revenue Bonds, Series 2006 A (the "Bonds"). The Bonds are being issued pursuant to the Issuer's Bond Resolution adopted on October 20, 2006, and its Supplemental Resolution adopted on October 20, 2006 (collectively, the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of the Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of the holders and Beneficial Owners of the Bonds and in order to assist the Underwriter in complying with SEC Rule 15c2-12(b)(5).

Any filing under this Certificate may be made solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at http://www.disclosureusa.org unless the United States Securities and Exchange Commission has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004.

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution and the Bond Purchase Agreement dated October 24, 2006, which apply to any capitalized term used in this Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in Sections 3 and 4 of this Certificate.

"Beneficial Owner" shall mean any person that has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

"Central Post Office" shall mean the MAC, which shall receive Annual Reports and Listed Events and then electronically transmit them to the National Repositories and the State Repository.

"Dissemination Agent" shall initially mean the Issuer and any later appointed Dissemination Agent or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Issuer a written acceptance of such designation.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Certificate.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The National Repositories currently approved by the Securities and Exchange Commission are set forth in Exhibit B.

"Participating Underwriter" shall mean the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean the Central Post Office for delivery to each National Repository and the State Repository.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of West Virginia.

"State Repository" shall mean any public or private repository or entity designated by the State as the state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. [As of the date of this Certificate, there is no State Repository.]

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 300 days following the end of the Issuer's fiscal year (presently June 30), commencing with the report for the 2007 Fiscal Year, provide to the Central Post Office for delivery to each Repository an Annual Report, which is consistent with the requirements of Section 4 of this Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Certificate; provided, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and not later than 15 days after receipt by the Issuer. If the Issuer's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(a).

(b) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of the Central Post Office for delivery to each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or include by reference the following:

(a) Within one hundred twenty (120) days after the end of its 2006 fiscal year and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Depository, unaudited general purpose financial statements of the Issuer, and

(b) Within fifteen (15) days after receipt by the Issuer of its 2006 fiscal year-end, and each subsequent fiscal year, to the Central Post Office for delivery to each National Repository and any State Repository, core financial information and operating data of the Issuer for the prior

fiscal year, including (i) the audited financial statements, prepared in accordance with generally accepted auditing principles in effect from time to time, and (ii) material historical quantitative data of the type found in the Official Statement under the caption "Financial Statements of the Issuer":

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement it must be available from the Municipal Securities Rulemaking Board. The Issuer shall clearly identify each such other document so included by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events, if applicable, with respect to the Bonds, if material:

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;

6. adverse tax opinions or events affecting the tax-exempt status of the security;

7. modifications to rights of security holders;

8. bond calls;

9. defeasances;

10. release, substitution, or sale of property securing repayment of the securities; and

11. rating changes.

(b) Whenever the Issuer obtains knowledge of the occurrence of any of the Listed Events, the Issuer shall as soon as possible determine if such event would be material under applicable federal securities laws.

(c) If the Issuer determines that knowledge of the occurrence of any of the Listed Events would be material under applicable federal securities laws, the Issuer shall promptly file a notice of

such occurrence with the Municipal Securities Rulemaking Board, the Central Post Office for delivery to the National Repository and the State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a) (4) and (5) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Bonds pursuant to the Resolution.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for any of the Listed Events under Section 5(a).

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Certificate.

SECTION 8. Amendment, Waiver. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, and any provision of this Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances, and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of Holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of this Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for any of the Listed Events under Section 5(a), and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of any of the Listed Events, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of any of the Listed Events in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it is any future Annual Report or notice of occurrence of any of the Listed Events.

SECTION 10. Default. In the event of a failure of the Issuer to comply with any provision of this Certificate (and, at the request of the Original Purchaser), any Holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Certificate. A default under this Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Certificate in the event of any failure of the Issuer to comply with this Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Underwriter and Holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Date: November 15, 2006

GREENBRIER PUBLIC SERVICE DISTRICT

By: _____
Chairman

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Greenbrier Public Service District

Name of Issue: $3,185,000 Greenbrier Public Service District
Sewer Refunding Revenue Bonds, Series 2006 A

Date of Issuance: November 15, 2006

Notice is hereby given that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by its covenant made in connection with the above-referenced bond issue. The Issuer anticipates that the Annual Report will be filed by _____.

Dated this _____.

GREENBRIER PUBLIC SERVICE DISTRICT

By: _____
Chairman

EXHIBIT B

Nationally Recognized Municipal
Securities Information Repositories
Approved by the Securities and Exchange
Commission as of November 1, 2006

Central Post Office
Website: http://www.disclosureusa.org

Bloomberg Municipal Repository
100 Business Park Drive
Skillman, NJ 08558
Phone: (609) 279-3225
FAX: (609) 279-5962
E-mail: munis@Bloomberg.com

FT Interactive Data
Attn: NRMSIR
100 William Street
New York, NY 10038
Phone: (212) 771-6999
FAX: (212) 771-7390 (Secondary Market Information)
(212) 771-7391 (Primary Market Information)
E-mail: NRMSIR@FTID.com

Standard & Poor's J.J. Kenny Repository
55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
FAX: (212) 438-3975
E-mail: nrmsir_repository@sandp.com

DPC Data Inc.
One Executive Drive
Fort Lee, NJ 07024
Phone: (201) 346-0701
FAX: (201) 947-0107
E-mail: nrmsir@dpcdata.com

The Depository Trust Company

A subsidiary of The Depository Trust & Clearing Corporation

BLANKET ISSUER LETTER OF REPRESENTATIONS

[To be Completed by Issuer and Co-Issuer(s), if applicable]

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
[Name of Issuer and Co-issuer(s), if applicable]

October 5, 2006
[Date]

[For Municipal Issues:
Underwriting Department—Eligibility; 25th Floor]
[For Corporate Issues:
General Counsel's Office; 22nd Floor]
The Depository Trust Company
55 Water Street
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request be made eligible for deposit by The Depository Trust Company ("DTC").

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that Issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Note:

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted:
THE DEPOSITORY TRUST COMPANY
By: _____

Very truly yours,

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(Issuer)

By: Dan Withrow
(Authorized Officer's Signature)

Dan Withrow, Chairman
(Print Name)

318 West Washington Street
(Street Address)

Lewisburg, WV 24901
(City) (State) (Country) (Zip Code)

(304) 645-6632
(Phone Number)

(E-mail Address)

DTCC.

The Depository Trust & Clearing Corporation

[3/05]

(To Blanket Issuer Letter of Representations)

SAMPLE OFFERING DOCUMENT LANGUAGE DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC—bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue,and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at **www.dtcc.com** and **www.dtc.org**.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner")is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity

of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

$3,185,000

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)

Sewer Refunding Revenue Bonds, Series 2006

REGISTRAR AGREEMENT

THIS AGREEMENT, dated as of the 15th day of November, 2006, by and between GREENBRIER PUBLIC SERVICE DISTRICT NO. 1, a public service district, a public corporation and political subdivision of the State of West Virginia (the "Issuer"), and UNITED BANK, INC., Charleston, West Virginia, a state banking corporation (the "Bank").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $3,185,000 aggregate principal amount of Sewer Refunding Revenue Bonds, Series 2006 , in fully registered form (the "Bonds"), pursuant to a Resolution adopted October 20, 2006, as supplemented (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this 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 Agreement does appoint the Bank 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 Agreement by the Issuer and the Bank and during the term hereof, the Bank does accept and shall have and agrees to perform all of the powers and duties of Registrar, 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 excludability from gross income of interest on the Bonds for purposes of 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 Bank 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 Bank'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 Bank 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 Agreement, the Issuer hereby agrees to pay to the Bank, from time to time, the compensation for services rendered as provided in the annexed fee schedule and reimbursement for reasonable expenses incurred in connection therewith.

5. It is intended that this 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 Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Bank each warrants and represents that it is duly authorized and empowered to execute and enter into this 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 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: Greenbrier Public Service District No. 1
318 West Washington Street
Lewisburg, West Virginia 24901
Attention: Chairman

REGISTRAR: United Bank, Inc.
500 Virginia Street, East
Charleston, WV 25301
Attention: Corporate Trust Department

8. The Bank is hereby requested and authorized to authenticate and deliver the Bonds in accordance with the Bond Legislation.

9. If any one or more of the covenants or agreements provided in this Agreement to be performed on the part of any of the parties hereto shall be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

10. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed in their respective names and on their behalf, all as of the day and year first above-written.

GREENBRIER PUBLIC SERVICE
DISTRICT NO. 1

By: _____
Its: Chairman, Public Service Board

UNITED BANK, INC.

By: _____
Its: Vice President

10.27.06
352810.00001

CH835280.1

RESERVED

State of West Virginia

Certificate

I, Betty Ireland, Secretary of State of the State of West Virginia, hereby certify that

THIS IS A TRUE COPY OF CHAPTER 16, ARTICLE 13A OF THE WEST VIRGINIA CODE, AS INDICATED BY THE RECORDS OF THIS OFFICE.

Given under my hand and the Great Seal of the State of West Virginia on

November 13, 2006

Betty Ireland

Secretary of State

Quality Board, and the rights, powers, and duties of the municipal corporation and the respective officers and departments thereof, including the sanitary board, are governed by the provisions of this article: Provided, That the jurisdiction and authority provided by this section does not extend to highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways and no rates, fees or charges for stormwater services or costs of compliance may be assessed against highways, road and drainage easements, and/or stormwater facilities constructed, owned and/or operated by the West Virginia Division of Highways.

History. (1955, c. 135; 1967, c. 105; 1994, c. 61; 2001, c. 212.)

Effect of amendment of 2001. — Acts 2001, c. 212, effective July 13, 2001, substituted "the" for "such" throughout, substituted "the" for "said" throughout, inserted "fees" following "rates" throughout; in the first paragraph, inserted "and/or stormwater system" following "existing sewer system", inserted "or stormwater system" following "such sewer system"; in the second paragraph, inserted "or stormwater" following "sewage", inserted "or stormwater facilities" following "sewer facilities"; in the fourth paragraph, added "or entire stormwater works" to the end; in the sixth paragraph, deleted "such" following "fixing" and "publication of"; in the eighth paragraph, deleted "such" preceding "rates" twice; and in the last paragraph, added the proviso.

Applied in City of Morgantown v. Town of Star City, 156 W. Va. 529, 195 S.E.2d 166, 1973 W. Va. LEXIS 244 (1973).

§ 16-13-24. Article to be construed liberally.

This article being necessary for the public health, safety and welfare, it shall be liberally construed to effectuate the purpose thereof.

History. (1933, Ex. Sess., c. 25, § 24.)

Quoted in West Virginia Water Serv. Co. v. Cunningham, 143 W. Va. 1, 98 S.E.2d 891, 1957 W. Va. LEXIS 1 (1957).

ARTICLE 13A.

PUBLIC SERVICE DISTRICTS.

Sec.
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Sec.
quired water and sewer connections; lien for delinquent fees.
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16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.
16-13A-23. Validation of acts and proceedings of public service boards.
16-13A-24. Acceptance of loans, grants or temporary advances.
16-13A-25. Borrowing and bond issuance; procedure.

Effect of amendment of 2006. — Acts 2006, c. 190, effective June 8, 2006, deleted "for water, sewerage and gas services" from the article heading.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — The act from which this article was derived, authorizing the creation of public service districts by the county courts of this State, defining the powers and duties of the governing boards of such districts in the acquisition, construction, maintenance, operation, improvement and extension of property supplying water and sewerage services, and authorizing the issuance of bonds of such districts payable solely from revenue to be derived from the operation of such properties, does not violate any provision of the Constitution of this State or the Fourteenth Amendment to the Constitution of the United States. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Purpose. — The purpose of this article is to provide water and sewerage facilities in unincorporated districts. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

The title to Acts 1953, c. 147, is sufficient to give a fair and reasonable index to all of the purposes of the act. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Public utilities. — Public service districts are "public utilities" because they are required to pay a special license fee pursuant to § 24-3-6 for support of the public service commission. 50 Op. Att'y Gen. 447 (1963).

Cited in Berkeley County Pub. Serv. Dist. v. Vitro Corp. of Am., 152 W. Va. 252, 162 S.E.2d 189, 1968 W. Va. LEXIS 149 (1968); State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (1987); McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434, 1997 W. Va. LEXIS 56 (1997).

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§ 16-13A-1. Legislative findings.

The Legislature of the State of West Virginia hereby determines and finds that the present system of public service districts within the State has provided a valuable service at a reasonable cost to persons who would otherwise have been unable to obtain public utility services. To further this

effort, and to ensure that all areas of the state are benefiting from the availability of public service district utility services and to further correct areas with health hazards, the Legislature concludes that it is in the best interest of the public to implement better management of public service district resources by expanding the ability and the authority of the Public Service Commission to assist public service districts by offering advice and assistance in operational, financial and regulatory affairs.

In addition to the expanded powers which shall be given to the Public Service Commission, the Legislature also concludes that it is in the best interest of the public for each county commission to review current technology available and consider consolidating existing public service districts where it is feasible and will not result in the interference with existing bond instruments. Further, if such consolidation is not feasible, the Legislature finds that it is in the best interest of the public for each county commission to review current technology available and consider consolidating or centralizing the management of public service districts within its county or multi-county area to achieve efficiency of operations. The Legislature also finds that additional guidelines should be imposed on the creation of new public service districts and that county commissions shall dissolve inactive public service districts as hereinafter provided. The Legislature also finds that the Public Service Commission shall promulgate rules and regulations to effectuate the expanded powers given to the commission relating to public service districts.

History. (1953, c. 147; 1980, c. 60; 1986, c. 81.)

Code of State Rules References. — Government of public service districts, 150 CSR 17, effective September 1, 1990.

Authority of county commissions. — The county courts (now county commissions) may not supersede the authority delegated by them to public service districts created in accordance with the provisions of this article. Op. Att'y Gen., June 27, 1973.

Public service district — Authority. — A public service district, which was created only for the purposes of furnishing water services, has no power to condemn real estate for sewerage facilities. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647, 1973 W. Va. LEXIS 254 (1973).

Public service district — Purpose. — The purpose for the creation of a public service district may be ascertained by a review of the order establishing the district and the history behind the creation of the district (the notice of hearing and hearings held prior to the creation of the district). Op. Att'y Gen., July 8, 1976.

Cited in State ex rel. APCO v. Gainer, 149 W. Va. 740, 143 S.E.2d 351, 1965 W. Va. LEXIS 317 (1965); Shobe v. Latimer, 162 W. Va. 779, 253 S.E.2d 54, 1979 W. Va. LEXIS 352 (1979).

§ 16-13A-1a. Jurisdiction of the Public Service Commission.

The jurisdiction of the Public Service Commission relating to public service districts shall be expanded to include the following powers, and such powers shall be in addition to all other powers of the Public Service Commission set forth in this code:

(a) To study, modify, approve, deny or amend the plans created under section one-b [§ 16-13A-1b] of this article for consolidation or merger of public service districts and their facilities, personnel or administration;

(b) To petition the appropriate circuit court for the removal of a public service district board member or members; and

(c) To create by general order a separate division within the Public Service Commission to provide assistance to public service districts in technological, operational, financial and regulatory matters.

History. (1986, c. 81.)

Cited in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777, 1995 W. Va. LEXIS 185 (1995).

§ 16-13A-1b. County commissions to develop plan to create, consolidate, merge, expand or dissolve public service districts.

Each county commission shall conduct a study of all public service districts which have their principal offices within its county and shall develop a plan relating to the creation, consolidation, merger, expansion or dissolution of such districts or the consolidation or merger of management and administrative services and personnel and shall present such plan to the Public Service Commission for approval, disapproval, or modification: Provided, That within ninety days of the effective date of this section each county commission in this state shall elect either to perform its own study or request that the Public Service Commission perform such study. Each county commission electing to perform its own study has one year from the date of election to present such plan to the Public Service Commission. For each county wherein the county commission elects not to perform its own study, the Public Service Commission shall conduct a study of such county. The Public Service Commission shall establish a schedule for such studies upon a priority basis, with those counties perceived to have the greatest need of creation or consolidation of public service districts receiving the highest priority. In establishing the priority schedule, and in the performance of each study, the Bureau of Public Health and the Division of Environmental Protection shall offer their assistance and cooperation to the Public Service Commission. Upon completion by the Public Service Commission of each study, it shall be submitted to the appropriate county commission for review and comment. Each county commission has six months in which to review the study conducted by the Public Service Commission, suggest changes or modifications thereof, and present such plan to the Public Service Commission. All county plans, whether conducted by the county commission itself or submitted as a result of a Public Service Commission study, shall, by order, be approved, disapproved or modified by the Public Service Commission in accordance with rules promulgated by the Public Service Commission and such order shall be implemented by the county commission.

History. (1986, c. 81; 1994, c. 61.)

§ 16-13A-1c. General purpose of districts.

Any territory constituting the whole or any part of one or more counties in the State so situated that the construction or acquisition by purchase or otherwise and the maintenance, operation, improvement and extension of,

properties supplying water, sewerage or stormwater services or gas distribution services or all of these within such territory, will be conducive to the preservation of the public health, comfort and convenience of such area, may be constituted a public service district under and in the manner provided by this article. The words "public service properties," when used in this article, shall mean and include any facility used or to be used for or in connection with: (1) The diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (herein sometimes referred to as "water facilities"); (2) the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (herein sometimes referred to as "sewer facilities" or "landfills"); (3) the distribution or the furnishing of natural gas to the public for industrial, public, private or other uses (herein sometimes referred to as "gas utilities or gas system"); or (4) the collection, control or disposal of stormwater (herein sometimes referred to as "stormwater system" or "stormwater systems"), or (5) the management, operation, maintenance and control of stormwater and stormwater systems (herein sometimes referred to as "stormwater management program" or "stormwater management programs"). As used in this article "stormwater system" or "stormwater systems" means a stormwater system in its entirety or any integral part thereof used to collect, control or dispose of stormwater, and includes all facilities, structures and natural water courses used for collecting and conducting stormwater to, through and from drainage areas to the points of final outlet including, but not limited to, any and all of the following: Inlets, conduits, outlets, channels, ponds, drainage easements, water quality facilities, catch basins, ditches, streams, gulches, flumes, culverts, siphons, retention or detention basins, dams, floodwalls, pipes, flood control systems, levies and pumping stations: Provided, That the term "stormwater system" or "stormwater systems" does not include highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways. As used in this article "stormwater management program" or "stormwater management programs" means those activities associated with the management, operation, maintenance and control of stormwater and stormwater systems, and includes, but is not limited to, public education, stormwater and surface runoff water quality improvement, mapping, planning, flood control, inspection, enforcement and any other activities required by state and federal law: Provided, however, That the term "stormwater management program" or "stormwater management programs" does not include those activities associated with the management, operation, maintenance and control of highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways without the express agreement of the Commissioner of Highways.

History. (1986, c. 81; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or stormwater" following sewerage" in the first sentence; added subdivisions (4) and (5); added the last two sentences; and made minor stylistic changes.

§ 16-13A-2. Creation of districts by county commission; enlarging, reducing, merging, or dissolving district; consolidation; agreements, etc.; infringing upon powers of county commission; filing list of members and districts with the Secretary of State.

(a) The county commission of any county may propose the creation, enlargement, reduction, merger, dissolution, or consolidation of a public service district by any of the following methods: (1) On its own motion by order duly adopted, (2) upon the recommendation of the Public Service Commission, or (3) by petition of twenty-five percent of the registered voters who reside within the limits of the proposed public service district within one or more counties. The petition shall contain a description, including metes and bounds, sufficient to identify the territory to be embraced therein and the name of such proposed district: Provided, That after the effective date of this section, no new public service district shall be created, enlarged, reduced, merged, dissolved or consolidated under this section without the written consent and approval of the Public Service Commission, which approval and consent shall be in accordance with rules promulgated by the Public Service Commission and may only be requested after consent is given by the appropriate county commission or commissions pursuant to this section. Any territory may be included regardless of whether or not the territory includes one or more cities, incorporated towns or other municipal corporations which own and operate any public service properties and regardless of whether or not it includes one or more cities, incorporated towns or other municipal corporations being served by privately owned public service properties: Provided, however, That the same territory shall not be included within the boundaries of more than one public service district except where the territory or part thereof is included within the boundaries of a separate public service district organized to supply water, sewerage services, stormwater services or gas facilities not being furnished within such territory or part thereof: Provided further, That no city, incorporated town or other municipal corporation shall be included within the boundaries of the proposed district except upon the adoption of a resolution of the governing body of the city, incorporated town or other municipal corporation consenting.

(b) The petition shall be filed in the office of the clerk of the county commission of the county in which the territory to constitute the proposed district is situated, and if the territory is situated in more than one county, then the petition shall be filed in the office of the clerk of the county commission of the county in which the major portion of the territory extends, and a copy thereof (omitting signatures) shall be filed with each of the clerks of the county commission of the other county or counties into which the territory extends. The clerk of the county commission receiving such petition shall present it to the county commission of the county at the first regular meeting after the filing or at a special meeting called for the consideration thereof.

(c) When the county commission of any county enters an order on its own motion proposing the creation, enlargement, reduction, merger, dissolution or consolidation of a public service district, as aforesaid, or when a petition for the creation is presented, as aforesaid, the county commission shall at the same session fix a date of hearing in the county on the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed public service district, which date so fixed shall be not more than forty days nor less than twenty days from the date of the action. Within ten days of fixing the date of hearing, the county commission shall provide the Executive Secretary of the Public Service Commission with a copy of the order or petition and notification of the time and place of the hearing to be held by the county commission. If the territory proposed to be included is situated in more than one county, the county commission, when fixing a date of hearing, shall provide for notifying the county commission and clerk thereof of each of the other counties into which the territory extends of the date so fixed. The clerk of the county commission of each county in which any territory in the proposed public service district is located shall cause notice of the hearing and the time and place thereof, and setting forth a description of all of the territory proposed to be included therein to be given by publication as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for the publication shall be by publication in each city, incorporated town or municipal corporation if available in each county in which any territory in the proposed public service district is located. The publication shall be at least ten days prior to the hearing.

(d) In all cases where proceedings for the creation, enlargement, reduction, merger, dissolution or consolidation of the public service districts are initiated by petition as aforesaid, the person filing the petition shall advance or satisfactorily indemnify the payment of the cost and expenses of publishing the hearing notice, and otherwise the costs and expenses of the notice shall be paid in the first instance by the county commission out of contingent funds or any other funds available or made available for that purpose. In addition to the notice required herein to be published, there shall also be posted in at least five conspicuous places in the proposed public service district, a notice containing the same information as is contained in the published notice. The posted notices shall be posted not less than ten days before the hearing.

(e) All persons residing in or owning or having any interest in property in the proposed public service district shall have an opportunity to be heard for and against its creation, enlargement, reduction, merger, dissolution or consolidation. At the hearing the county commission before which the hearing is conducted shall consider and determine the feasibility of the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district. If the county commission determines that the construction or acquisition by purchase or otherwise and maintenance, operation, improvement and extension of public service properties by the public service district will be conducive to the preservation of public health, comfort and convenience of such area, the county commission shall by order create, enlarge, reduce, merge,

dissolve or consolidate such public service district. If the county commission, after due consideration, determines that the proposed district will not be conducive to the preservation of public health, comfort or convenience of the area or that the creation, enlargement, reduction, merger, dissolution or consolidation of the proposed district as set forth and described in the petition or order is not feasible, it may refuse to enter an order creating the district or it may enter an order amending the description of the proposed district and create, enlarge, reduce, merge, dissolve or consolidate the district as amended.

(f) If the county commission determines that any other public service district or districts can adequately serve the area of the proposed public service district, whether by enlargement, reduction, merger, dissolution or consolidation, it shall refuse to enter the order, but shall enter an order creating, enlarging, reducing, merging, dissolving or consolidating the area with an existing public service district, in accordance with rules adopted by the Public Service Commission for such purpose: Provided, That no enlargement of a public service district may occur if the present or proposed physical facilities of the public service district are determined by the appropriate county commission or the Public Service Commission to be inadequate to provide such enlarged service. The clerk of the county commission of each county into which any part of such district extends shall retain in his office an authentic copy of the order creating, enlarging, reducing, merging, dissolving or consolidating the district: Provided, however, That within ten days after the entry of an order creating, enlarging, reducing, merging, dissolving or consolidating a district, such order must be filed for review and approval by the Public Service Commission. The Public Service Commission may provide a hearing in the affected county on the matter and may approve, reject or modify the order of the county commission if it finds it is in the best interests of the public to do so. The Public Service Commission shall adopt rules relating to such filings and the approval, disapproval or modification of county commission orders for creating, enlarging, merging, dissolving or consolidating districts. The provisions of this section shall not apply to the implementation by a county commission of an order issued by the Public Service Commission pursuant to this section and section one-b [§ 16-13A-1b], of this article.

(g) The county commission may, if in its discretion it deems it necessary, feasible and proper, enlarge the district to include additional areas, reduce the area of the district, where facilities, equipment, service or materials have not been extended, or dissolve the district if inactive or create or consolidate two or more such districts. If consolidation of districts is not feasible, the county commission may consolidate and centralize management and administration of districts within its county or multi-county area to achieve efficiency of operations: Provided, That where the county commission determines on its own motion by order entered of record, or there is a petition to enlarge the district, merge and consolidate districts, or the management and administration thereof, reduce the area of the district or dissolve the district if inactive, all of the applicable provisions of this article providing for hearing, notice of hearing and approval by the Public Service Commission shall apply. The commission shall at all times attempt to bring about the enlargement or

merger of existing public service districts in order to provide increased services and to eliminate the need for creation of new public service districts in those areas which are not currently serviced by a public service district: Provided, however, That where two or more public service districts are consolidated pursuant to this section, any rate differentials may continue for the period of bonded indebtedness incurred prior to consolidation. The districts may not enter into any agreement, contract or covenant that infringes upon, impairs, abridges or usurps the duties, rights or powers of the county commission, as set forth in this article, or conflicts with any provision of this article.

(h) A list of all districts and their current board members shall be filed by the county commission with the Secretary of State and the Public Service Commission by the first day of July of each year.

History. (1953, c. 147; 1965, c. 134; 1967, c. 105; 1975, c. 140; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1995, c. 125; 2002, c. 272; 2005, c. 195.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, in (a), capitalized "On" at the beginning of subdivision (1), and inserted "stormwater services" near the middle of the last sentence.

Effect of amendment of 2005. — Acts 2005, c. 195, effective July 8, 2005, added the second sentence in (c); and made minor stylistic changes.

Editor's notes. — Concerning the reference in (a) to "the effective date of this section," this language was added by Acts 1986, c. 81, and became effective June 6, 1986.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Constitutionality. — There is no unlawful delegation of legislative power to the county courts (now county commissions) of this State under this section in violation of W. Va. Const., art. V, § 1, and art. VI, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

There is no unconstitutional delegation of judicial functions to the county court (now county commission) made by this section. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Authority of commission and voters. — (1) Only the county commission has the affirmative authority to create, enlarge or reduce a public service district; (2) in the absence of any action by a county commission, the requisite number of qualified voters in the affected geographic area may petition a county commission to create, enlarge or reduce a public service district, and, that upon the filing of such petition, a hearing shall be held thereon; (3) the county commission may, in its discretion, refuse to act in an affirmative manner upon such formal petition for creation, enlargement or reduction of such public service district, which action is not subject to protest or public referendum; (4) the county commission may, on its own motion or on the basis of such proper petition, enter an order creating, enlarging or reducing a public service district, which such action and order are subject to a hearing requiring proper notice, and a formal protest and public referendum depending upon the number of qualified voters who protest such action. Op. Att'y Gen., Nov. 13, 1975.

Authority of court. — A county court (now county commission) has authority to add sewerage services to the facilities of a public service district which was created for the purpose of furnishing water services, under appropriate proceedings. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647, 1973 W. Va. LEXIS 254 (1973).

Compliance. — The provisions of this section relating to the filing of the petition or motion of the county court (now county commission), the description of the territory to be embraced and like provisions are mandatory, but the use of the word "shall," in relation to the requirements for the posting and publication of notice and the time of setting the hearing are directory and require only substantial compliance. Canyon Pub. Serv. Dist. v. Tasa Coal Co., 156 W. Va. 606, 195 S.E.2d 647, 1973 W. Va. LEXIS 254 (1973).

Merger or consolidation of districts. — This section authorizes either merger or consolidation of public service districts. Op. Att'y Gen., June 12, 1985, No. 9.

A merger or consolidation results in one corporation which, in the case of merger, will be the corporation designated by the commissioners as the surviving corporation, and with respect to a consolidation, will be a new corporate entity. Op. Att'y Gen., June 12, 1985, No. 9.

Overlapping districts. — Where there is no bond indebtedness outstanding to be paid by a public service district, the county commission creating a public service district may under-

take to enlarge or reduce the areas of various overlapping districts or may even consolidate the overlapping districts into one district. Op. Att'y Gen., July 8, 1976.

Public corporation. — A public service district is a public corporation and does not come within the constitutional inhibition requiring all corporations to be created by general law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Referendum. — There is no authority for voters, by written protest or otherwise, to force a referendum upon the issue of whether or not a created public service district should be continued or abolished. 52 Op. Att'y Gen. 33 (1966).

"Shall apply with like effect," etc. — Because a protest against creation triggers a referendum, the language "shall apply with like effect as if a district were being created" can mean only that a protest against enlargement or reduction likewise triggers a referendum. Op. Att'y Gen., Nov. 13, 1975.

Applied in Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201, 1998 W. Va. LEXIS 217 (1998).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (1987).

§ 16-13A-3. District to be a public corporation and political subdivision; powers thereof; public service boards.

From and after the date of the adoption of the order creating any public service district, it is a public corporation and political subdivision of the state, but without any power to levy or collect ad valorem taxes. Each district may acquire, own and hold property, both real and personal, in its corporate name, and may sue, may be sued, may adopt an official seal and may enter into contracts necessary or incidental to its purposes, including contracts with any city, incorporated town or other municipal corporation located within or without its boundaries for furnishing wholesale supply of water for the distribution system of the city, town or other municipal corporation, or for furnishing stormwater services for the city, town or other municipal corporation, and contract for the operation, maintenance, servicing, repair and extension of any properties owned by it or for the operation and improvement or extension by the district of all or any part of the existing municipally owned public service properties of any city, incorporated town or other municipal corporation included within the district: Provided, That no contract shall extend beyond a maximum of forty years, but provisions may be included therein for a renewal or successive renewals thereof and shall conform to and comply with the rights of the holders of any outstanding bonds issued by the municipalities for the public service properties.

The powers of each public service district shall be vested in and exercised by a public service board consisting of not less than three members, who shall be persons residing within the district, who possess certain educational, business or work experience which will be conducive to operating a public service district. Each board member shall, within six months of taking office, successfully complete the training program to be established and administered by the Public Service Commission in conjunction with the Division of Environmental Protection and the Bureau of Public Health. Board members shall not be or become pecuniarily interested, directly or indirectly, in the proceeds of any contract or service, or in furnishing any supplies or materials to the district nor shall a former board member be hired by the district in any capacity within a minimum of twelve months after board member's term has expired or such

board member has resigned from the district board. The members shall be appointed in the following manner:

Each city, incorporated town or other municipal corporation having a population of more than three thousand but less than eighteen thousand is entitled to appoint one member of the board, and each city, incorporated town or other municipal corporation having a population in excess of eighteen thousand shall be entitled to appoint one additional member of the board for each additional eighteen thousand population. The members of the board representing such cities, incorporated towns or other municipal corporations shall be residents thereof and shall be appointed by a resolution of the governing bodies thereof and upon the filing of a certified copy or copies of the resolution or resolutions in the office of the clerk of the county commission which entered the order creating the district, the persons so appointed become members of the board without any further act or proceedings. If the number of members of the board so appointed by the governing bodies of cities, incorporated towns or other municipal corporations included in the district equals or exceeds three, then no further members shall be appointed to the board and the members so appointed are the board of the district except in cases of merger or consolidation where the number of board members may equal five.

If no city, incorporated town or other municipal corporation having a population of more than three thousand is included within the district, then the county commission which entered the order creating the district shall appoint three members of the board, who are persons residing within the district and residing within the State of West Virginia, which three members become members of the board of the district without any further act or proceedings except in cases of merger or consolidation where the number of board members may equal five.

If the number of members of the board appointed by the governing bodies of cities, incorporated towns or other municipal corporations included within the district is less than three, then the county commission which entered the order creating the district shall appoint such additional member or members of the board, who are persons residing within the district, as is necessary to make the number of members of the board equal three except in cases of merger or consolidation where the number of board members may equal five, and the member or members appointed by the governing bodies of the cities, incorporated towns or other municipal corporations included within the district and the additional member or members appointed by the county commission as aforesaid, are the board of the district. A person may serve as a member of the board in one or more public service districts.

The population of any city, incorporated town or other municipal corporation, for the purpose of determining the number of members of the board, if any, to be appointed by the governing body or bodies thereof, is the population stated for such city, incorporated town or other municipal corporation in the last official federal census.

Notwithstanding any provision of this code to the contrary, whenever a district is consolidated or merged pursuant to section two [§ 16-13A-2] of this article, the terms of office of the existing board members shall end on the

effective date of the merger or consolidation. The county commission shall appoint a new board according to rules promulgated by the Public Service Commission. Whenever districts are consolidated or merged no provision of this code prohibits the expansion of membership on the new board to five.

The respective terms of office of the members of the first board shall be fixed by the county commission and shall be as equally divided as may be, that is approximately one third of the members for a term of two years, a like number for a term of four years, the term of the remaining member or members for six years, from the first day of the month during which the appointments are made. The first members of the board appointed as aforesaid shall meet at the office of the clerk of the county commission which entered the order creating the district as soon as practicable after the appointments and shall qualify by taking an oath of office: Provided, That any member or members of the board may be removed from their respective office as provided in section three-a [§ 16-13A-3a] of this article.

Any vacancy shall be filled for the unexpired term within thirty days, otherwise successor members of the board shall be appointed for terms of six years and the terms of office shall continue until successors have been appointed and qualified. All successor members shall be appointed in the same manner as the member succeeded was appointed. The district shall provide to the Public Service Commission, within thirty days of the appointment, the following information: The new board member's name, home address, home and office phone numbers, date of appointment, length of term, who the new member replaces and if the new appointee has previously served on the board. The Public Service Commission shall notify each new board member of the legal obligation to attend training as prescribed in this section.

The board shall organize within thirty days following the first appointments and annually thereafter at its first meeting after the first day of January of each year by selecting one of its members to serve as chair and by appointing a secretary and a treasurer who need not be members of the board. The secretary shall keep a record of all proceedings of the board which shall be available for inspection as other public records. Duplicate records shall be filed with the county commission and shall include the minutes of all board meetings. The treasurer is lawful custodian of all funds of the public service district and shall pay same out on orders authorized or approved by the board. The secretary and treasurer shall perform other duties appertaining to the affairs of the district and shall receive salaries as shall be prescribed by the board. The treasurer shall furnish bond in an amount to be fixed by the board for the use and benefit of the district.

The members of the board, and the chair, secretary and treasurer thereof, shall make available to the county commission, at all times, all of its books and records pertaining to the district's operation, finances and affairs, for inspection and audit. The board shall meet at least monthly.

History. (1953, c. 147; 1965, c. 134; 1971, c. 72; 1981, c. 124; 1983, c. 166; 1986, c. 81; 1994, c. 61; 1997, c. 159; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or for furnishing stormwater services for the city, town or other municipal corporation" in the second sentence of the first paragraph.

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Authority of districts. — Public service districts are agents of the county commission by which they were created, having no authority other than that expressly set out in this article. Op. Att'y Gen., July 8, 1976.

Compensation for additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

Exemptions. — Public service districts of West Virginia are political subdivisions of the State, and as such, they are specifically, by express statute, exempted from the duty of paying registration fees (provided by § 17A-10-8), the privilege tax (imposed by § 17A-3-4), and the certificate of title charge (required by § 17A-3-4). 49 Op. Att'y Gen. 131 (1961).

Furnishing water to another state. — A public service district may furnish water wholesale in bulk quantities to a municipal corporation in another state. 51 Op. Att'y Gen. 739 (1966).

Applied in McCloud v. Salt Rock Water Pub. Serv. Dist., 207 W. Va. 453, 533 S.E.2d 679, 2000 W. Va. LEXIS 60 (2000).

Cited in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (1987).

§ 16-13A-3a. Removal of members of public service board.

The county commission or the Public Service Commission or any other appointive body creating or establishing a public service district under the provisions of this article, or any group of five percent or more of the customers of a public service district, may petition the circuit court of the county in which the district maintains its principal office for the removal of any member of the governing board thereof for consistent violations of any provisions of this article, for reasonable cause which includes, but is not limited to, a continued failure to attend meetings of the board, failure to diligently pursue the objectives for which the district was created, or failure to perform any other duty either prescribed by law or required by a final order of the Public Service Commission or for any malfeasance in public office. Any board member charged with a violation under this section who offers a successful defense against such charges shall be reimbursed for the reasonable costs of such defense from district revenues. Such costs shall be considered as costs associated with rate determination by the public service district and the Public Service Commission. If the circuit court judge hearing the petition for removal finds that the charges are frivolous in nature, the judge may assess all or part of the court costs, plus the reasonable costs associated with the board member's defense, against the party or parties who petitioned the court for the board member's removal.

History. (1963, c. 75; 1971, c. 72; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

Quoted in State v. Neary, 179 W. Va. 115, 365 S.E.2d 395, 1987 W. Va. LEXIS 687 (1987).

§ 16-13A-4. Board chairman; members' compensation; procedure; district name.

(a) The chairman shall preside at all meetings of the board and may vote as

any other member of the board. If the chairman is absent from any meeting, the remaining members may select a temporary chairman and if the member selected as chairman resigns as such or ceases for any reason to be a member of the board, the board shall select one of its members as chairman to serve until the next annual organization meeting.

(b) Salaries of the board members are:

(1) For districts with fewer than six hundred customers, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with six hundred customers or more but fewer than two thousand customers, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with two thousand customers or more, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with four thousand or more customers, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served to the Public Service Commission beginning on the first day of July, one thousand nine hundred eighty-six, and continue each fiscal year thereafter.

(c) Public service districts selling water to other water utilities for resale may adopt the following salaries for its board members:

(1) For districts with annual revenues of less than fifty thousand dollars, up to seventy-five dollars per attendance at regular monthly meetings and fifty dollars per attendance at additional special meetings, total salary not to exceed fifteen hundred dollars per annum;

(2) For districts with annual revenues of fifty thousand dollars or more, but less than two hundred fifty thousand dollars, up to one hundred dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at special meetings, total salary not to exceed two thousand five hundred fifty dollars per annum;

(3) For districts with annual revenues of two hundred fifty thousand dollars or more, but less than five hundred thousand dollars, up to one hundred twenty-five dollars per attendance at regular monthly meetings and seventy-five dollars per attendance at additional special meetings, total salary not to exceed three thousand seven hundred fifty dollars per annum; and

(4) For districts with annual revenues of five hundred thousand dollars or more, up to one hundred fifty dollars per attendance at regular monthly meetings and one hundred dollars per attendance at additional special meetings, total salary not to exceed five thousand four hundred dollars per annum.

The public service district shall certify the number of customers served and its annual revenue to the Public Service Commission beginning on the first day of July, two thousand, and continue each fiscal year thereafter.

(d) Board members may be reimbursed for all reasonable and necessary expenses actually incurred in the performance of their duties as provided for by the rules of the board.

(e) The board shall by resolution determine its own rules of procedure, fix the time and place of its meetings and the manner in which special meetings may be called. Public notice of meetings shall be given in accordance with section three [§ 6-9A-3], article nine-a, chapter six of this code. Emergency meetings may be called as provided for by said section. A majority of the members constituting the board also constitute a quorum to do business.

(f) The members of the board are not personally liable or responsible for any obligations of the district or the board, but are answerable only for willful misconduct in the performance of their duties. The county commission which created a district or county commissions if more than one created the district may, upon written request of the district, adopt an order changing the official name of a public service district: Provided, That such name change will not be effective until approved by the Public Service Commission of West Virginia and the owners of any bonds and notes issued by the district, if any, shall have consented, in writing, to the name change. If a district includes territory located in more than one county, the county commission or county commissions changing the name of the district shall provide any county commission into which the district also extends with a certified copy of the order changing the name of the district. The official name of any district created under the provisions of this article may contain the name or names of any city, incorporated town or other municipal corporation included therein or the name of any county or counties in which it is located.

History. (1953, c. 147; 1981, c. 124; 1986, c. 81; 1997, c. 159; 2000, c. 199; 2005, c. 196.)

Effect of amendment of 2000. — Acts 2000, c. 199, effective June 9, 2000, rewrote the section.

Effect of amendment of 2005. — Acts 2005, c. 196, effective July 7, 2005, rewrote the second sentence in (f) pertaining to the changing of the official or corporate name of a public service district by the public service board; and made minor stylistic changes.

Compensation for performing additional duties. — Board members of a public service district could not be compensated for performing the duties of treasurer and/or secretary, or for reading meters for the public service district. Op. Att'y Gen., July 14, 1988, No. 2.

§ 16-13A-5. General manager of board.

The board may employ a general manager to serve a term of not more than five years and until his or her successor is employed, and his or her compensation shall be fixed by resolution of the board. Such general manager shall devote all or the required portion of his or her time to the affairs of the district and may employ, discharge and fix the compensation of all employees of the district, except as in this article otherwise provided, and he or she shall perform and exercise such other powers and duties as may be conferred upon him or her by the board.

Such general manager shall be chosen without regard to his or her political affiliations and upon the sole basis of his or her administrative and technical qualifications to manage public service properties and affairs of the district and he or she may be discharged only upon the affirmative vote of two thirds of the board. Such general manager need not be a resident of the district at the time he or she is chosen. Such general manager may not be a member of the board but shall be an employee of the board.

The board of any public service district which purchases water, sewer or stormwater service from a municipal water, sewer or stormwater system or another public service district may, as an alternative to hiring its own general manager, elect to permit the general manager of the municipal water, sewer or stormwater system or public service district from which such water, sewer or stormwater service is purchased provide professional management to the district, if the appropriate municipality or public service board agrees to provide such assistance. The general manager shall receive reasonable compensation for such service.

History. (1953, c. 147; 1981, c. 124; 1986, c. 81; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "or stormwater" following "sewer" four times in the third paragraph, and made minor stylistic changes.

§ 16-13A-6. Employees of board.

The board may in its discretion from time to time by resolution passed by a majority vote provide for the employment of an attorney, fiscal agent, one or more engineers and such other employees as the board may determine necessary and expedient. The board shall in and by such resolution fix the term of employment and compensation and prescribe the duties to be performed by such employees.

History. (1953, c. 147; 1981, c. 124.)

§ 16-13A-7. Acquisition and operation of district properties.

The board of such districts shall have the supervision and control of all public service properties acquired or constructed by the district, and shall have the power, and it shall be its duty, to maintain, operate, extend and improve the same, including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities. All contracts involving the expenditure by the district of more than fifteen thousand dollars for construction work or for the purchase of equipment and improvements, extensions or replacements, shall be entered into only after notice inviting bids shall have been published as a Class I legal advertisement in compliance with the provision of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, and the publication area for such publication shall be as specified in section two [§ 16-13A-2] of this article in the county or counties in which the district is located. The publication shall not be less than ten days

prior to the making of any such contract. To the extent allowed by law, in-state contractors shall be given first priority in awarding public service district contracts. It shall be the duty of the board to ensure that local in-state labor shall be utilized to the greatest extent possible when hiring laborers for public service district construction or maintenance repair jobs. It shall further be the duty of the board to encourage contractors to use American made products in their construction to the extent possible. Any obligations incurred of any kind or character shall not in any event constitute or be deemed an indebtedness within the meaning of any of the provisions or limitations of the constitution, but all such obligations shall be payable solely and only out of revenues derived from the operation of the public service properties of the district or from proceeds of bonds issued as hereinafter provided. No continuing contract for the purchase of materials or supplies or for furnishing the district with electrical energy or power shall be entered into for a longer period than fifteen years.

History. (1953, c. 147; 1967, c. 105; 1981, c. 124; 1982, c. 24; 1986, c. 81; 1997, c. 159; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, added "including, but not limited to, those activities necessary to comply with all federal and state requirements, including water quality improvement activities" to the end of the first sentence.

§ 16-13A-8. Acquisition and purchase of public service properties; right of eminent domain; extraterritorial powers.

The board may acquire any publicly or privately owned public service properties located within the boundaries of the district regardless of whether or not all or any part of such properties are located within the corporate limits of any city, incorporated town or other municipal corporation included within the district and may purchase and acquire all rights and franchises and any and all property within or outside the district necessary or incidental to the purpose of the district.

The board may construct any public service properties within or outside the district necessary or incidental to its purposes and each such district may acquire, construct, maintain and operate any such public service properties within the corporate limits of any city, incorporated town or other municipal corporation included within the district or in any unincorporated territory within ten miles of the territorial boundaries of the district: Provided, That if any incorporated city, town or other municipal corporation included within the district owns and operates either water facilities, sewer facilities, stormwater facilities or gas facilities or all of these, then the district may not acquire, construct, establish, improve or extend any public service properties of the same kind within such city, incorporated towns or other municipal corporations or the adjacent unincorporated territory served by such cities, incorporated towns or other municipal corporations, except upon the approval of the Public Service Commission, the consent of such cities, incorporated towns or other municipal corporations and in conformity and compliance with the rights

of the holders of any revenue bonds or obligations theretofore issued by such cities, incorporated towns or other municipal corporations then outstanding and in accordance with the ordinance, resolution or other proceedings which authorize the issuance of such revenue bonds or obligations.

Whenever such district has constructed, acquired or established water facilities, sewer facilities, a stormwater system, stormwater management program or gas facilities for water, sewer, stormwater or gas services within any city, incorporated town or other municipal corporation included within a district, then such city, incorporated town or other municipal corporation may not thereafter construct, acquire or establish any facilities of the same kind within such city, incorporated town or other municipal corporation without the consent of such district.

For the purpose of acquiring any public service properties or lands, rights or easements deemed necessary or incidental for the purposes 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: Provided, That the power of eminent domain provided in this section does not extend to highways, road and drainage easements, or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways without the express agreement of the Commissioner of Highways: Provided, however, That such board may not acquire all or any substantial part of a privately owned waterworks system unless and until authorized so to do by the Public Service Commission of West Virginia, and that this section shall not be construed to authorize any district to acquire through condemnation proceedings either in whole or substantial part an existing privately owned waterworks plant or system or gas facilities located in or furnishing water or gas service within such district or extensions made or to be made by it in territory contiguous to such existing plant or system, nor may any such board construct or extend its public service properties to supply its services into areas served by or in competition with existing waterworks or gas facilities or extensions made or to be made in territory contiguous to such existing plant or system by the owner thereof.

History. (1953, c. 147; 1980, c. 60; 1981, c. 124; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, in the second paragraph, inserted "stormwater facilities" following "sewer facilities" in the proviso; in the third paragraph, inserted "a stormwater system, stormwater management program" following "sewer facilities" and "stormwater" preceding "or gas services"; in the last paragraph, added a new first proviso and redesignated the former first proviso as the second.

Eminent domain. — The grant of power of eminent domain to public service districts by this section is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

If a facility creates a nuisance this harm is simply an element of just compensation in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

Public service commission, in the absence of specific statutory authority, is not empowered to determine whether particular property interests acquired or to be acquired by a utility are compensable in an eminent domain action, or to render any type of monetary judgment for such property interests. Affixing the value of the property taken is the function of the trier of fact in an eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423

S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

Superior right of municipality to extend public services. — If a tract of real estate located within a public service district has been annexed into a municipality, then, as between the municipality and the public service district, the municipality has the superior right under this section to extend public services, such as water and/or sewer service, which were not being previously furnished to the tract by the public service district. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201, 1998 W. Va. LEXIS 217 (1998).

When consent of municipality needed. — Where municipality has superior right to extend social services, a public service district would need the consent of the municipality and the public service commission in order to provide such services. Berkeley County Pub. Serv. Sewer Dist. v. West Va. Pub. Serv. Comm'n, 204 W. Va. 279, 512 S.E.2d 201, 1998 W. Va. LEXIS 217 (1998).

Cited in 45 Op. Att'y Gen. 506 (1953).

§ 16-13A-9. Rules; service rates and charges; discontinuance of service; required water and sewer connections; lien for delinquent fees.

(a)(1) The board may make, enact and enforce all needful rules in connection with the acquisition, construction, improvement, extension, management, maintenance, operation, care, protection and the use of any public service properties owned or controlled by the district. The board shall establish rates, fees and charges for the services and facilities it furnishes, which shall be sufficient at all times, notwithstanding the provisions of any other law or laws, to pay the cost of maintenance, operation and depreciation of the public service properties and principal of and interest on all bonds issued, other obligations incurred under the provisions of this article and all reserve or other payments provided for in the proceedings which authorized the issuance of any bonds under this article. The schedule of the rates, fees and charges may be based upon:

(A) The consumption of water or gas on premises connected with the facilities, taking into consideration domestic, commercial, industrial and public use of water and gas;

(B) The number and kind of fixtures connected with the facilities located on the various premises;

(C) The number of persons served by the facilities;

(D) Any combination of paragraphs (A), (B) and (C) of this subdivision; or

(E) May be determined on any other basis or classification which the board may determine to be fair and reasonable, taking into consideration the location of the premises served and the nature and extent of the services and facilities furnished. However, no rates, fees or charges for stormwater services may be assessed against highways, road and drainage easements or stormwater facilities constructed, owned or operated by the West Virginia Division of Highways.

(2) Where water, sewer, stormwater or gas services, or any combination thereof, are all furnished to any premises, the schedule of charges may be billed as a single amount for the aggregate of the charges. The board shall require all users of services and facilities furnished by the district to designate on every application for service whether the applicant is a tenant or an owner of the premises to be served. If the applicant is a tenant, he or she shall state the name and address of the owner or owners of the premises to be served by

the district. Notwithstanding the provisions of section eight [§ 24-3-8], article three, chapter twenty-four of this code to the contrary, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class or fifty dollars, with the district to secure the payment of service rates, fees and charges in the event they become delinquent as provided in this section. If a district provides both water and sewer service, all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage for water service or fifty dollars and the greater of a sum equal to two twelfths of the average annual usage for wastewater service of the applicant's specific customer class or fifty dollars. In any case where a deposit is forfeited to pay service rates, fees and charges which were delinquent at the time of disconnection or termination of service, no reconnection or reinstatement of service may be made by the district until another deposit equal to the greater of a sum equal to two twelfths of the average usage for the applicant's specific customer class or fifty dollars has been remitted to the district. After twelve months of prompt payment history, the district shall return the deposit to the customer or credit the customer's account at a rate as the Public Service Commission may prescribe: Provided, That where the customer is a tenant, the district is not required to return the deposit until the time the tenant discontinues service with the district. Whenever any rates, fees, rentals or charges for services or facilities furnished remain unpaid for a period of twenty days after the same become due and payable, the user of the services and facilities provided is delinquent and the user is liable at law until all rates, fees and charges are fully paid. The board may, under reasonable rules promulgated by the Public Service Commission, shut off and discontinue water or gas services to all delinquent users of either water or gas facilities, or both, ten days after the water or gas services become delinquent.

(b) In the event that any publicly or privately owned utility, city, incorporated town, other municipal corporation or other public service district included within the district owns and operates separately either water facilities or sewer facilities, and the district owns and operates the other kind of facilities, either water or sewer, as the case may be, then the district and the publicly or privately owned utility, city, incorporated town or other municipal corporation or other public service district shall covenant and contract with each other to shut off and discontinue the supplying of water service for the nonpayment of sewer service fees and charges: Provided, That any contracts entered into by a public service district pursuant to this section shall be submitted to the Public Service Commission for approval. Any public service district providing water and sewer service to its customers has the right to terminate water service for delinquency in payment of either water or sewer bills. Where one public service district is providing sewer service and another public service district or a municipality included within the boundaries of the sewer district is providing water service, and the district providing sewer service experiences a delinquency in payment, the district or the municipality included within the boundaries of the sewer district that is providing water service, upon the request of the district providing sewer service to the

delinquent account, shall terminate its water service to the customer having the delinquent sewer account: Provided, however, That any termination of water service must comply with all rules and orders of the Public Service Commission.

(c) Any district furnishing sewer facilities within the district may require, or may by petition to the circuit court of the county in which the property is located, compel or may require the Division of Health to compel all owners, tenants or occupants of any houses, dwellings and buildings located near any sewer facilities where sewage will flow by gravity or be transported by other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine [§ 16-1-9], article one, chapter sixteen of this code, from the houses, dwellings or buildings into the sewer facilities, to connect with and use the sewer facilities and to cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from the houses, dwellings and buildings where there is gravity flow or transportation by any other methods approved by the Division of Health, including, but not limited to, vacuum and pressure systems, approved under the provisions of section nine, article one, chapter sixteen of this code and the houses, dwellings and buildings can be adequately served by the sewer facilities of the district and it is declared that the mandatory use of the sewer facilities provided for in this paragraph is necessary and essential for the health and welfare of the inhabitants and residents of the districts and of the state. If the public service district requires the property owner to connect with the sewer facilities even when sewage from dwellings may not flow to the main line by gravity and the property owner incurs costs for any changes in the existing dwellings' exterior plumbing in order to connect to the main sewer line, the public service district board shall authorize the district to pay all reasonable costs for the changes in the exterior plumbing, including, but not limited to, installation, operation, maintenance and purchase of a pump or any other method approved by the Division of Health. Maintenance and operation costs for the extra installation should be reflected in the users charge for approval of the Public Service Commission. The circuit court shall adjudicate the merits of the petition by summary hearing to be held not later than thirty days after service of petition to the appropriate owners, tenants or occupants.

(d) Whenever any district has made available sewer facilities to any owner, tenant or occupant of any house, dwelling or building located near the sewer facility and the engineer for the district has certified that the sewer facilities are available to and are adequate to serve the owner, tenant or occupant and sewage will flow by gravity or be transported by other methods approved by the Division of Health from the house, dwelling or building into the sewer facilities, the district may charge, and the owner, tenant or occupant shall pay the rates and charges for services established under this article only after thirty-day notice of the availability of the facilities has been received by the owner, tenant or occupant. Rates and charges for sewage services shall be based upon actual water consumption or the average monthly water consumption based upon the owner's, tenant's or occupant's specific customer class.

(e) Whenever any district has made available a stormwater system to any owner, tenant or occupant of any real property located near the stormwater system and where stormwater from real property affects or drains into the stormwater system, it is hereby found, determined and declared that the owner, tenant or occupant is being served by the stormwater system and it is further hereby found, determined and declared that the mandatory use of the stormwater system is necessary and essential for the health and welfare of the inhabitants and residents of the district and of the State. The district may charge, and the owner, tenant or occupant shall pay the rates, fees and charges for stormwater services established under this article only after thirty-day notice of the availability of the stormwater system has been received by the owner.

(f) All delinquent fees, rates and charges of the district for either water facilities, sewer facilities, gas facilities or stormwater systems or stormwater management programs are liens on the premises served of equal dignity, rank and priority with the lien on the premises of state, county, school and municipal taxes. In addition to the other remedies provided in this section, public service districts are granted a deferral of filing fees or other fees and costs incidental to the bringing and maintenance of an action in magistrate court for the collection of delinquent water, sewer, stormwater or gas bills. If the district collects the delinquent account, plus reasonable costs, from its customer or other responsible party, the district shall pay to the magistrate the normal filing fee and reasonable costs which were previously deferred. In addition, each public service district may exchange with other public service districts a list of delinquent accounts: Provided, That an owner of real property may not be held liable for the delinquent rates or charges for services or facilities of a tenant, nor may any lien attach to real property for the reason of delinquent rates or charges for services or facilities of a tenant of the real property, unless the owner has contracted directly with the public service district to purchase the services or facilities.

(g) Anything in this section to the contrary notwithstanding, any establishment, as defined in section three [§ 22-11-3], article eleven, chapter twenty-two, now or hereafter operating its own sewage disposal system pursuant to a permit issued by the Division of Environmental Protection, as prescribed by section eleven [§ 22-11-11], article eleven, chapter twenty-two of this code, is exempt from the provisions of this section.

History. (1953, c. 147; 1965, c. 134; 1980, c. 60; 1981, c. 124; 1986, c. 81; 1989, c. 174; 1994, c. 61; 2002, c. 272; 2003, c. 183.)

Code of State Rules References. — Rules and regulations for the government of gas utilities and gas pipeline safety, 150 CSR 4, effective July 21, 1996.

Rules and regulations for the government of sewer utilities, 150 CSR 5, effective October 24, 2003.

Rules and regulations for the government of telephone utilities, 150 CSR 6, effective October 10, 2000.

Rules and regulations for the government of water utilities, 150 CSR 7, effective October 24, 2003.

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "fees" following "rates" throughout the section; in the first paragraph, deleted "and regulations" following "needful rules" in the first sentence, inserted a new third sentence, substituted "Where water, sewer, stormwater or gas

services, or any combination thereof" for "Where water, sewer and gas services" in the present fourth sentence; inserted the fifth paragraph; in the present sixth paragraph, inserted "stormwater systems or stormwater management systems" following "sewer facilities" and "stormwater" preceding "or gas bills" in the first sentence.

Effect of amendment of 2003. — Acts 2003, c. 183, effective June 6, 2003, added subsection designations; rewrote present (a)(2), and (c); in (d), substituted "division of health" for "bureau of public health," added "tenant or occupant" to the end of the next-to-last sentence, and added the last sentence; in (f), substituted "gas facilities or stormwater systems or stormwater management programs" for "stormwater systems or stormwater management systems or gas facilities" and added the proviso to the end; and made minor stylistic changes.

W. Va. Law Review. — Fisher, "The Scope of Title Examination in West Virginia: Can Reasonable Minds Differ?," 98 W. Va. L. Rev. 449 (1996).

Abandonment of private systems. — Where a public service district requires a property owner, tenant, or occupant to connect onto its sewer system and to abandon a private sewer system located on the property, such person cannot recover from the public service district the value of the private system on the ground that such abandonment constitutes a taking of private property without just compensation within the meaning of W. Va. Const., art. III, § 9. Kingmill Valley Pub. Serv. Dist. v. Riverview Estates Mobile Home Park, 182 W. Va. 116, 386 S.E.2d 483, 1989 W. Va. LEXIS 219 (1989).

Buffer-zone requirements. — Public Service Commission did not err in finding that the proposed sewage lagoons site satisfied the buffer-zone requirements. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

Duty to pay. — Owners, tenants, or occupants have a duty under this section to pay rates and charges for the district sewer facilities from and after the date of receipt of notice (now 30 days after receipt) that such facilities are available. Rhodes v. Malden Pub. Serv. Dist, 171 W. Va. 645, 301 S.E.2d 601, 1983 W. Va. LEXIS 488 (1983) (construing this section prior to 1980 and 1981 amendments).

Liens. — The provision that delinquent fixed rates and charges for services rendered by a public service district shall be a lien on the premises served of equal dignity, rank and priority with the lien on such premises of state, county, school and municipal taxes, does not deprive the owners of their property without due process of law. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Public service district liens created and enforceable under this section are subject to the recordation requirements of § 38-10C-1 so that such liens must be docketed to be enforceable against a purchaser of the property for valuable consideration, without notice. McClung Invs., Inc. v. Green Valley Community Pub. Serv. Dist, 199 W. Va. 490, 485 S.E.2d 434, 1997 W. Va. LEXIS 56 (1997).

Sewer connection requirements. — The boards of public service districts have no authority to require potential users who live outside the boundaries of the districts, but within the 10-mile limit, to hook onto the district's sewer facilities. Op. Att'y Gen., July 8, 1976.

Quoted in State ex rel. Water Dev. Auth. v. Northern Wayne County Pub. Serv. Dist., 195 W. Va. 135, 464 S.E.2d 777, 1995 W. Va. LEXIS 185 (1995).

§ 16-13A-9a. Limitations with respect to foreclosure.

No public service district shall foreclose upon the premises served by such district for delinquent fees, rates or charges for which a lien is authorized by sections nine [§ 16-13A-9] or nineteen [§ 16-13A-19] of this article except through the bringing and maintenance of a civil action for such purpose brought in the circuit court of the county wherein the district lies. In every such action, the court shall be required to make a finding based upon the evidence and facts presented that the district prior to the bringing of such action had exhausted all other remedies for the collection of debts with respect to such delinquencies. In no event shall foreclosure procedures be instituted by any such district or on its behalf unless such delinquency had been in existence or continued for a period of two years from the date of the first such delinquency for which foreclosure is being sought.

History. (1982, c. 74.)

§ 16-13A-10. Budget.

The board shall establish the beginning and ending of its fiscal year, which period shall constitute its budget year, and at least thirty days prior to the beginning of the first full fiscal year after the creation of the district and annually thereafter the general manager shall prepare and submit to the board a tentative budget which shall include all operation and maintenance expenses, payments to a capital replacement account and bond payment schedules for the ensuing fiscal year. Such tentative budget shall be considered by the board, and, subject to any revisions or amendments that may be determined by the board, shall be adopted as the budget for the ensuing fiscal year. Upon adoption of the budget, a copy of the budget shall be forwarded to the county commission. No expenditures for operation and maintenance expenses in excess of the budget shall be made during such fiscal year unless unanimously authorized and directed by the board.

History. (1953, c. 147; 1981, c. 124.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-11. Accounts; audit.

The general manager, under direction of the board, shall install and maintain a proper system of accounts, in accordance with all rules, regulations or orders pertaining thereto by the Public Service Commission, showing receipts from operation and application of the same, and the board shall at least once a year cause such accounts to be properly audited: Provided, That such audit may be any audit by an independent public accountant completed within one year of the time required for the submission of the report: Provided, however, That if the district is required to have its books, records and accounts audited annually by an independent certified public accountant as a result of any covenant in any board resolution or bond instrument, a copy of such audit may be submitted in satisfaction of the requirements of this section, and is hereby found, declared and determined to be sufficient to satisfy the requirements of article nine [§§ 6-9-1 et seq.], chapter six of this code pertaining to the annual audit report by the state Tax Commission. A copy of the audit shall be forwarded within thirty days of submission to the county commission and to the Public Service Commission.

The treasurer of each public service district shall keep and preserve all financial records of the public service district for ten years, and shall at all times have such records readily available for public inspection. At the end of his term of office, the treasurer of each public service district shall promptly deliver all financial records of the public service district to his successor in office. Any treasurer of a public service district who knowingly or willfully violates any provision of this section is guilty of a misdemeanor, and shall be fined not less than one hundred dollars nor more than five hundred dollars or imprisoned in the county jail not more than ten days, or both.

History. (1953, c. 147; 1981, c. 124; 1986, c. 81.)

Textbooks. — Instructions for Virginia and West Virginia, Publisher's Editorial Staff (Michie).

§ 16-13A-12. Disbursement of district funds.

No money may be paid out by a district except upon an order signed by the chairman and secretary of such board, or such other person or persons authorized by the chairman or secretary, as the case may be, to sign such orders on their behalf. Each order for the payment of money shall specify the purposes for which the amount thereof is to be paid, with sufficient clearness to indicate the purpose for which the order is issued, and there shall be endorsed thereon the name of the particular fund out of which it is payable and it shall be payable from the fund constituted for such purpose, and no other. All such orders shall be reflected in the minutes of the next meeting of the board.

History. (1953, c. 147; 1981, c. 124.)

§ 16-13A-13. Revenue bonds.

For constructing or acquiring any public service properties for the authorized purposes of the district, or necessary or incidental thereto, and for constructing improvements and extensions thereto, and also for reimbursing or paying the costs and expenses of creating the district, the board of any such district is hereby authorized to borrow money from time to time and in evidence thereof issue the bonds of such district, payable solely from the revenues derived from the operation of the public service properties under control of the district. Such bonds may be issued in one or more series, may bear such date or dates, may mature at such time or times not exceeding forty years from their respective dates, may bear interest at such rate or rates not exceeding eighteen percent per annum payable at such times, may be in such form, may carry such registration privileges, may be executed in such manner, may be payable at such place or places, may be subject to such terms of redemption with or without premium, may be declared or become due before maturity date thereof, may be authenticated in any manner, and upon compliance with such conditions, and may contain such terms and covenants as may be provided by resolution or resolutions of the board. Notwithstanding the form or tenor thereof, and in the absence of any express recital on the face thereof, that the bond is nonnegotiable, all such bonds shall be, and shall be treated as, negotiable instruments for all purposes. Bonds bearing the signatures of officers in office on the date of the signing thereof shall be valid and binding for all purposes notwithstanding that before the delivery thereof any or all of the persons whose signatures appear thereon shall have ceased to be such officers. Notwithstanding the requirements or provisions of any other law, any such bonds may be negotiated or sold in such manner and at such time or times as is found by the board to be most advantageous, and all such bonds may be sold at such price that the interest cost of the proceeds therefrom does not exceed nineteen percent per annum, based on the average maturity of such bonds and computed according to standard tables of bond values. Any resolu-

tion or resolutions providing for the issuance of such bonds may contain such covenants and restrictions upon the issuance of additional bonds thereafter as may be deemed necessary or advisable for the assurance of the payment of the bonds thereby authorized.

History. (1953, c. 147; 1970, cc. 11, 12; 1970, 1st Ex. Sess., c. 2; 1980, c. 33; 1981, 1st Ex. Sess., c. 2; 1989, c. 174.)

Cross references. — Procedure for borrowing and issuing bonds, § 16-13A-25.

§ 16-13A-14. Items included in cost of properties.

The cost of any public service properties acquired under the provisions of this article shall be deemed to include the cost of the acquisition or construction thereof, the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; for stormwater systems and associated stormwater management programs, those activities which include, but are not limited to, water quality improvement activities necessary to comply with all federal and state requirements; interest upon bonds prior to and during construction or acquisition and for six months after completion of construction or of acquisition of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of cost and of revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the construction or acquisition of the properties and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof.

History. (1953, c. 147; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "for stormwater systems ... federal and state requirements" following the first phrase.

§ 16-13A-15. Bonds may be secured by trust indenture.

In the discretion and at the option of the board such bonds may be secured by a trust indenture by and between the district and a corporate trustee, which may be a trust company or bank having powers of a trust company within or without the State of West Virginia, but no such trust indenture shall convey, mortgage or create any lien upon the public service properties or any part thereof. The resolution authorizing the bonds and fixing the details thereof may provide that such trust indenture may contain such provisions for protecting and enforcing the rights and remedies of bondholders as may be reasonable and proper, not in violation of law, including covenants setting forth the duties of the district and the members of its board and officers in relation to the construction or acquisition of public service properties and the improvement, extension, operation, repair, maintenance and insurance thereof, and the custody, safeguarding and application of all moneys, and may provide that

all or any part of the construction work shall be contracted for, constructed and paid for, under the supervision and approval of consulting engineers employed or designated by the board and satisfactory to the original bond purchasers, their successors, assignees or nominees, who may be given the right to require the security given by contractors and by any depository of the proceeds of bonds or revenues of the public service properties or other money pertaining thereto be satisfactory to such purchasers, their successors, assignees or nominees. Such indenture may set forth the rights and remedies of the bondholders and such trustee.

History. (1953, c. 147.)

§ 16-13A-16. Sinking fund for revenue bonds.

At or before the time of the issuance of any bonds under this article the board shall by resolution or in the trust indenture provide for the creation of a sinking fund and for monthly payments into such fund from the revenues of the public service properties operated by the district such sums in excess of the cost of maintenance and operation of such properties as will be sufficient to pay the accruing interest and retire the bonds at or before the time each will respectively become due and to establish and maintain reserves therefor. All sums which are or should be, in accordance with such provisions, paid into such sinking fund shall be used solely for payment of interest and for the retirement of such bonds at or prior to maturity as may be provided or required by such resolutions.

History. (1953, c. 147.)

§ 16-13A-17. Collection, etc., of revenues and enforcement of covenants; default; suit, etc., by bondholder or trustee to compel performance of duties; appointment and powers of receiver.

The board of any such district shall have power to insert enforceable provisions in any resolution authorizing the issuance of bonds relating to the collection, custody and application of revenues of the district from the operation of the public service properties under its control and to the enforcement of the covenants and undertakings of the district. In the event there shall be default in the sinking fund provisions aforesaid or in the payment of the principal or interest on any of such bonds or, in the event the district or its board or any of its officers, agents or employees, shall fail or refuse to comply with the provisions of this article, or shall default in any covenant or agreement made with respect to the issuance of such bonds or offered as security therefor, then any holder or holders of such bonds and any such trustee under the trust indenture, if there be one, shall have the right by suit, action, mandamus or other proceeding instituted in the circuit court for the county or any of the counties wherein the district extends, or in any other court of competent jurisdiction, to enforce and compel performance of all duties required by this article or undertaken by the district in connection with the

issuance of such bonds, and upon application of any such holder or holders, or such trustee, such court shall, upon proof of such defaults, appoint a receiver for the affairs of the district and its properties, which receiver so appointed shall forthwith directly, or by his agents and attorneys, enter into and upon and take possession of the affairs of the district and each and every part thereof, and hold, use, operate, manage and control the same, and in the name of the district exercise all of the rights and powers of such district as shall be deemed expedient, and such receiver shall have power and authority to collect and receive all revenues and apply same in such manner as the court shall direct. Whenever the default causing the appointment of such receiver shall have been cleared and fully discharged and all other defaults shall have been cured, the court may in its discretion and after such notice and hearing as it deems reasonable and proper direct the receiver to surrender possession of the affairs of the district to its board. Such receiver so appointed shall have no power to sell, assign, mortgage, or otherwise dispose of any assets of the district except as hereinbefore provided.

History. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

As to receivers, see Rule 66.

As to application of rules to writ of mandamus, see Rule 81(a)(5).

As to effect of rules on jurisdiction and venue, see Rule 82.

Mandamus. — Mandamus is a proper remedy to be pursued by the holder of a municipal revenue bond to require a municipal corporation to comply with rate covenants in its revenue bonds. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102, 1966 W. Va. LEXIS 215 (1966).

Under this section, any holder of the bonds of the Union public service district shall have the right by mandamus to enforce and compel the performance of all the duties required by statute or undertaken by the district in connection with the issuance of bonds by such district. State ex rel. Allstate Ins. Co. v. Union Pub. Serv. Dist., 151 W. Va. 207, 151 S.E.2d 102, 1966 W. Va. LEXIS 215 (1966).

§ 16-13A-18. Operating contracts.

The board may enter into contracts or agreements with any persons, firms or corporations for the operation and management of the public service properties within the district, or any part thereof, for such period of time and under such terms and conditions as shall be agreed upon between the board and such persons, firms or corporations. The board shall have power to provide in the resolution authorizing the issuance of bonds, or in any trust indenture securing such bonds, that such contracts or agreements shall be valid and binding upon the district as long as any of said bonds, or interest thereon, are outstanding and unpaid.

History. (1953, c. 147.)

§ 16-13A-18a. Sale, lease or rental of water, sewer, stormwater or gas system by district; distribution of proceeds.

In any case where a public service district owns a water, sewer, stormwater or gas system, and a majority of not less than sixty percent of the members of

the public service board thereof deem it for the best interests of the district to sell, lease or rent such water, sewer, stormwater or gas system to any municipality or privately-owned water, sewer, stormwater or gas system, or to any water, sewer, stormwater or gas system owned by an adjacent public service district, the board may so sell, lease or rent such water, sewer, stormwater or gas system upon such terms and conditions as said board, in its discretion, considers in the best interests of the district: Provided, That such sale, leasing or rental may be made only upon: (1) The publication of notice of a hearing before the board of the public service district, as a Class I legal advertisement in compliance with the provisions of article three [§§ 59-3-1 et seq.], chapter fifty-nine of this code, in a newspaper published and of general circulation in the county or counties wherein the district is located, such publication to be made not earlier than twenty days and not later than seven days prior to the hearing; (2) approval by the county commission or commissions of the county or counties in which the district operates; and (3) approval by the Public Service Commission of West Virginia.

In the event of any such sale, the proceeds thereof, if any, remaining after payment of all outstanding bonds and other obligations of the district, shall be ratably distributed to any persons who have made contributions in aid of construction of such water, sewer, stormwater or gas system, such distribution not to exceed the actual amount of any such contribution, without interest, and any balance of funds thereafter remaining shall be paid to the county commission of the county in which the major portion of such water, sewer, stormwater or gas system is located to be placed in the general funds of such county commission.

History. (1963, c. 75; 1981, c. 124; 1986, c. 81; 1997, c. 160; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "stormwater" following "sewer" in the section heading and throughout the section.

§ 16-13A-19. Statutory mortgage lien created; foreclosure thereof.

There shall be and is hereby created a statutory mortgage lien upon such public service properties of the district, which shall exist in favor of the holders of bonds hereby authorized to be issued, and each of them, and the coupons attached to said bonds, and such public service properties shall remain subject to such statutory mortgage lien until payment in full of all principal of and interest on such bonds. Any holder of such bonds, of any coupons attached thereto, may, either at law or in equity, enforce said statutory mortgage lien conferred hereby and upon default in the payment of the principal of or interest on said bonds, may foreclose such statutory mortgage lien in the manner now provided by the laws of the State of West Virginia for the foreclosure of mortgages on real property.

History. (1953, c. 147.)

Rules of Civil Procedure. — As to abolition of the procedural distinctions between law and equity, see Rule 2.

In general. — The provision granting bondholders a statutory mortgage lien is valid. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

§ 16-13A-20. Refunding revenue bonds.

The board of any district having issued bonds under the provisions of this article is hereby empowered thereafter by resolution to issue refunding bonds of such district for the purpose of retiring or refinancing such outstanding bonds, together with any unpaid interest thereon and redemption premium thereunto appertaining and all of the provisions of this article relating to the issuance, security and payment of bonds shall be applicable to such refunding bonds, subject, however, to the provisions of the proceedings which authorized the issuance of the bonds to be so refunded.

History. (1953, c. 147.)

In general. — The only purpose for refunding bonds is the retirement or refinancing of outstanding bond issues of a particular district. Op. Att'y Gen., July 8, 1976.

Combination of bond issues. — Combination of two outstanding bond issues into one refunding bond issue may well be restricted by the use of the singular language in this section. Op. Att'y Gen., July 8, 1976.

Previous issuance of bonds. — This section is clearly written in language which speaks only of refunding bonds issued by any district which has previously issued bonds. Op. Att'y Gen., July 8, 1976.

§ 16-13A-21. Complete authority of article; liberal construction; district to be public instrumentality; tax exemption.

This article is full and complete authority for the creation of public service districts and for carrying out the powers and duties of same as herein provided. The provisions of this article shall be liberally construed to accomplish its purpose and no procedure or proceedings, notices, consents or approvals, are required in connection therewith except as may be prescribed by this article: Provided, That all functions, powers and duties of the Public Service Commission of West Virginia, the Bureau of Public Health, the Division of Environmental Protection and the Environmental Quality Board remain unaffected by this article. Every district organized, consolidated, merged or expanded under this article is a public instrumentality created and functioning in the interest and for the benefit of the public, and its property and income and any bonds issued by it are exempt from taxation by the State of West Virginia, and the other taxing bodies of the state: Provided, however, That the board of any such district may use and apply any of its available revenues and income for the payment of what such board determines to be tax or license fee equivalents to any local taxing body and in any proceedings for the issuance of bonds of such district may reserve the right to annually pay a fixed or computable sum to such taxing bodies as such tax or license fee equivalent.

History. (1953, c. 147; 1986, c. 81; 1994, c. 61.)

Constitutionality. — The tax exemption granted to the property, income, and bonds of the district does not violate W. Va. Const., art. X, § 1. State ex rel. McMillion v. Stahl, 141 W. Va. 233, 89 S.E.2d 693, 1955 W. Va. LEXIS 42 (1955).

Applied in Rhodes v. Malden Pub. Serv. Dist, 171 W. Va. 645, 301 S.E.2d 601, 1983 W. Va. LEXIS 488 (1983).

§ 16-13A-22. Validation of prior acts and proceedings of county courts for creation of districts, inclusion of additional territory, and appointment of members of district boards.

All acts and proceedings taken by any county court [county commission] of this State purporting to have been carried out under the provisions of this article which have been taken, prior to the date this section takes effect for the purpose of creating public service districts or for the purpose of subsequent inclusion of additional territory to existing public service districts, after notice published by any such county court having territorial jurisdiction thereof of its intention to include such additional territory after hearing thereon, are hereby validated, ratified, approved and confirmed notwithstanding any other lack of power (other than constitutional) of any such county court to create such public service districts or to include additional territory to existing public service districts or irregularities (other than constitutional) in such proceedings, relating to the appointment and qualification of more than three members to the board of any such public service district or the subsequent appointment of successors of any or all of such members, notwithstanding that no city, incorporated town or other municipal corporation having a population in excess of three thousand is included within the district, and the appointment and qualification of such members, and further including any irregularities in the petition for the creation of any public service district, irregularities in the description of the area embraced by such district, and irregularities in the notice and publication of notice for the hearing creating such district, prior to the date this section takes effect, is hereby validated, ratified, approved and confirmed; and, further, in such cases where more than three members of the board of such districts have been so appointed prior to the date this section takes effect then such county court shall appoint, and they are hereby authorized and empowered to appoint, successors to such members in the manner as otherwise provided by this article.

History. (1958, c. 14; 1960, c. 19.)

Editor's notes. — For construction of the county court as the county commission, see W.Va. Const. art. IX, § 9.

Concerning the reference to "the date this section takes effect", Acts 1958, c. 14, which enacted this section and included this language, became effective February 1, 1958. Acts 1960, c. 19, which amended this section, provided that the act take effect January 29, 1960.

§ 16-13A-23. Validation of acts and proceedings of public service boards.

All acts and proceedings taken by any public service board the members of

which were appointed, prior to the date this section takes effect, by any county court [county commission] of this State having territorial jurisdiction thereof, are hereby validated, ratified, approved and confirmed, as to defects and irregularities which may otherwise exist on account of their appointment and qualification: Provided, however, That nothing herein contained shall be construed to excuse a criminal act.

History. (1958, c. 14; 1960, c. 19; 1965, c. 134.)

Editor's notes. — For construction of the county court as the county commission, see W.Va. Const. art. IX, § 9.

Concerning the reference to "the date this section takes effect", Acts 1965, c. 134, which amended this section, provided that the act take effect March 13, 1965.

§ 16-13A-24. Acceptance of loans, grants or temporary advances.

Any public service district created pursuant to the provisions of this article is authorized and empowered to accept loans or grants and procure loans or temporary advances evidenced by notes or other negotiable instruments issued in the manner, and subject to the privileges and limitations, set forth with respect to bonds authorized to be issued under the provisions of this article, for the purpose of paying part or all of the cost of construction or acquisition of water systems, sewage systems, stormwater systems or stormwater management systems or gas facilities, or all of these, and the other purposes herein authorized, from any authorized agency or from the United States of America or any federal or public agency or department of the United States or any private agency, corporation or individual, which loans or temporary advances, including the interest thereon, may be repaid out of the proceeds of the bonds authorized to be issued under the provisions of this article, the revenues of the said water system, sewage system, stormwater system or associated stormwater management system or gas facilities, or grants to the public service district from any authorized agency or from the United States of America or any federal or public agency or department of the United States or from any private agency, corporation or individual or from any combination of such sources of payment, and to enter into the necessary contracts and agreements to carry out the purposes hereof with any authorized agency or the United States of America or any federal or public agency or department of the United States, or with any private agency, corporation or individual. Any other provisions of this article to the contrary notwithstanding, interest on any such loans or temporary advances may be paid from the proceeds thereof until the maturity of such notes or other negotiable instrument.

History. (1958, c. 14; 1980, c. 60; 1981, c. 124; 1986, c. 118; 2002, c. 272.)

Effect of amendment of 2002. — Acts 2002, c. 272, effective June 7, 2002, inserted "stormwater systems or stormwater management systems" and "stormwater system or associated stormwater management system."

Permissible borrowing. — The borrowing by public service districts of money from counties and/or municipalities, as evidenced by a note, is permissible borrowing under this section. Op. Att'y Gen., May 6, 1988, No. 27.

§ 16-13A-25. Borrowing and bond issuance; procedure.

(a) Notwithstanding any other provisions of this article to the contrary, a public service district may not borrow money, enter into contracts for the provision of engineering, design or feasibility studies, issue or contract to issue revenue bonds or exercise any of the powers conferred by the provisions of section thirteen [§ 16-13A-13], twenty [§ 16-13A-20] or twenty-four [§ 16-13A-24] of this article without the prior consent and approval of the Public Service Commission: Provided, That approval of funding set forth in section eleven [§ 24-2-11], article two, chapter twenty-four of this code or this section is not required if the funding is for a project which has received a certificate of public convenience and necessity after eighth day of July, two thousand five, from the commission and where the cost of the project changes but the change does not affect the rates established for the project.

(b) The Public Service Commission may waive the provision of prior consent and approval for entering into contracts for engineering, design or feasibility studies pursuant to this section for good cause shown which is evidenced by the public service district filing a request for waiver of this section stated in a letter directed to the commission with a brief description of the project, a verified statement by the board members that the public service district has complied with chapter five-g [§§ 5G-1-1 et seq.] of this code, and further explanation of ability to evaluate their own engineering contract, including, but not limited to:

(1) Experience with the same engineering firm; or

(2) Completion of a construction project requiring engineering services. The district shall also forward an executed copy of the engineering contract to the commission after receiving approval of the waiver.

(c) An engineering contract that meets one or more of the following criteria is exempt from the waiver or approval requirements:

(1) A contract with a public service district that is a Class A utility on the first day of April, two thousand three, or subsequently becomes a Class A utility as defined by commission rule;

(2) A contract with a public service district that does not require borrowing and that can be paid out of existing rates;

(3) A contract where the payment of engineering fees are contingent upon the receipt of funding, and commission approval of the funding, to construct the project which is the subject of the contract; or

(4) A contract that does not exceed fifteen thousand dollars.

(d) Requests for approval or waivers of engineering contracts shall be deemed granted thirty days after the filing date unless the staff of the Public Service Commission or a party files an objection to the request. If an objection is filed, the Public Service Commission shall issue its decision within one hundred twenty days of the filing date. In the event objection is received to a request for a waiver, the application shall be considered a request for waiver as well as a request for approval in the event a waiver is not appropriate.

(e) Unless the properties to be constructed or acquired represent ordinary extensions or repairs of existing systems in the usual course of business, a

public service district must first obtain a certificate of public convenience and necessity from the Public Service Commission in accordance with the provision of chapter twenty-four [§§ 24-1-1 et seq.] of this code when a public service district is seeking to acquire or construct public service property.

History. (1969, 1st Ex. Sess., c. 6; 1981, c. 124; 1986, c. 81; 1996, c. 213; 1997, c. 159; 2003, c. 184; 2005, c. 193; 2006, c. 190.)

Cross references. — Class II legal advertisement defined, § 59-3-2.

Effect of amendment of 2003. — Acts 2003, c. 184, effective June 5, 2003, added subsection designations; inserted (c) and (d); in (b), substituted "a verified statement by the board members that the public service district has complied" for "evidence of compliance," deleted "in the past two years requiring engineering services" from the end of subdivision (1), and deleted "within the past two years" preceding "requiring engineering services" in subdivision (2); and rewrote the final paragraph of the section, deleting former subdivisions (a) through (e) regarding requirements for legal advertisements giving public notice of projects.

Effect of amendment of 2005. — Acts 2005, c. 193, effective July 8, 2005, deleted the second paragraph in (e), pertaining to prefiling of plans by the public service district; and made minor stylistic changes.

Effect of amendment of 2006. — Acts 2006, c. 190, effective June 8, 2006, added the proviso to the end of (a); and made minor stylistic changes.

A.L.R. references. — Remedies for sewage treatment plant alleged or deemed to be nuisance, 101 A.L.R.5th 287.

Certificate. — Under this section, a public service district must first obtain a certificate of public convenience and necessity before it can acquire or construct public service property. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

Eminent domain. — Although construction of a new facility proposed by a utility will often require the taking of private property through eminent domain, in the absence of express statutory language, the public service commission has no duty to review and decide issues that are inherent in the eminent domain proceeding. Sexton v. Public Serv. Comm'n, 188 W. Va. 305, 423 S.E.2d 914, 1992 W. Va. LEXIS 210 (1992).

ARTICLE 13B.

COMMUNITY IMPROVEMENT ACT.

Sec.
16-13B-1. Short title.
16-13B-2. Definitions.
16-13B-3. Power and authority of counties and municipalities relating to flood relief, wastewater and water projects.
16-13B-4. Determination of need and feasibility of creating an assessment district.
16-13B-5. Notice to property owners before creation of assessment district and construction of project; form of notice; affidavit of publication.
16-13B-6. Petition of property owners for creation of assessment district.
16-13B-7. Receipt of petition of property owners; ordinance or order authorizing creation of assessment district and construction of project.
16-13B-8. Assessment district to be a public corporation and political subdivision; powers thereof; community improvement boards.
16-13B-9. Provisions for construction of a project.
16-13B-10. Notice to property owners of assessments; hearings, correcting and laying assessments; report on project completion; permits.
16-13B-11. Construction of projects; assessments; corner lots, etc.
16-13B-12. Apportionment and assessment of cost.
16-13B-13. Assessment against property of public, charitable, eleemosynary, educational or religious institutions; duty of those in charge to cause assessments to be paid.
16-13B-14. Method of paying for cost of project; how assessments may be evidenced.

FILE COPY

Form **8038-G** (Rev. November 2000) Department of the Treasury Internal Revenue Service

Information Return for Tax-Exempt Governmental Obligations

▶ Under Internal Revenue Code section 149(e)

▶ See separate Instructions.

Caution: *If the issue price is under $100,000, use Form 8038-GC.*

OMB No. 1545-0720

Part I Reporting Authority If Amended Return, check here ▶ ☐

1 Issuer's name: Greenbrier Public Service District No. 1

2 Issuer's employer identification number: 55 0553990

3 Number and street (or P.O. box if mail is not delivered to street address): 318 West Washington Street — Room/suite

4 Report number: 3 2006-01

5 City, town, or post office, state, and ZIP code: Lewisburg, West Virginia 24901

6 Date of issue: November 15, 2006

7 Name of issue: Sewer Refunding Revenue Bonds, Series 2006

8 CUSIP number: 393685BG6

9 Name and title of officer or legal representative whom the IRS may call for more information: David Gray, Manager

10 Telephone number of officer or legal representative: (304) 645-6632

Part II Type of Issue (check applicable box(es) and enter the issue price) See instructions and attach schedule

11	☐ Education	11	
12	☐ Health and hospital	12	
13	☐ Transportation	13	
14	☐ Public safety	14	
15	☑ Environment (including sewage bonds)	15	3,173,802.35
16	☐ Housing	16	
17	☐ Utilities	17	
18	☐ Other. Describe ▶	18	

19 If obligations are TANs or RANs, check box ▶ ☐ If obligations are BANs, check box ▶ ☐

20 If obligations are in the form of a lease or installment sale, check box ▶ ☐

RECEIVED DEC 0 5 2006 102 IRS-OSC OGDEN, UT

Part III Description of Obligations. Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	October 1, 2019	$ 3,173,802.35	$ 3,185,000	7.475 years	4.1622394 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)

22	Proceeds used for accrued interest			22	5,031.83
23	Issue price of entire issue (enter amount from line 21, column (b))			23	3,173,802.35
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	117,105.51		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	330,550		
27	Proceeds used to currently refund prior issues	27	2,726,146.84		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)			29	3,173,802.35
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)			30	-0-

Part V Description of Refunded Bonds (Complete this part only for refunding bonds.)

31 Enter the remaining weighted average maturity of the bonds to be currently refunded ▶ 7.658 years

32 Enter the remaining weighted average maturity of the bonds to be advance refunded ▶ N/A years

33 Enter the last date on which the refunded bonds will be called ▶ December 1, 2006

34 Enter the date(s) the refunded bonds were issued ▶ June 15, 1996

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (see instructions)	36a	-0-
b	Enter the final maturity date of the guaranteed investment contract ▶		
37	Pooled financings: a Proceeds of this issue that are to be used to make loans to other governmental units	37a	-0-

b If this issue is a loan made from the proceeds of another tax-exempt issue, check box ▶ ☐ and enter the name of the issuer ▶ _____ and the date of the issue ▶ _____

38 If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box ▶ ☑

39 If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box ▶ ☐

40 If the issuer has identified a hedge, check box ▶ ☐

Sign Here

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete.

Daniel Withrow 11/15/06

Signature of issuer's authorized representative — Date

Daniel Withrow, Chairman

Type or print name and title

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

NEW ISSUE REPORT FORM

Date of Report: November 15, 2006

(See Reverse for Instructions)

ISSUE: Greenbrier Public Service District No. 1 Sewer Refunding Revenue Bonds, Series 2006

ADDRESS: 318 West Washington Street, Lewisburg, West Virginia 25402 COUNTY: Greenbrier

PURPOSE OF ISSUE: New Money: ____ Refunding: X REFUNDS ISSUE(S) DATED: June 15, 1996

ISSUE DATE: November 15, 2006 CLOSING DATE: November 15, 2006

ISSUE AMOUNT: $3,185,000 RATE: See attached Debt Service Schedule

1ST DEBT SERVICE DUE: April 1, 2007 1ST PRINCIPAL DUE: October 1, 2007

1ST DEBT SERVICE AMOUNT: $ 53,912.50 PAYING AGENT: Municipal Bond Commission

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

UNDERWRITERS COUNSEL: Jackson Kelly PLLC
Contact Person: Samme Gee., Esquire
Phone: (304) 340-1318

CLOSING BANK: Susqueanna Bank
Contact Person: Janette Caplan
Phone: (304) 264-5024

ESCROW TRUSTEE: ____
Contact Person: ____
Phone: ____

KNOWLEDGEABLE ISSUER CONTACT
Contact Person: David Gray
Position: General Manager
Phone: (304) 645-6632

OTHER: Crews & Associates, Inc.
Contact Person: Gregory B. Isaacs, Vice President
Phone: (304) 344-1733

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 X Internal Transfer

X To Paying Agent: $ 2,726,146.84*
____ To Issuer $____
____ To Cons. Invest. Fund $____
X To Other: $ Reserve Account Transfer**

NOTES: *Wire to The Bank of New York on November 17, 2006 for payment of the Series 1996 Bonds on December 1, 2006.
**Transfer $372,380.97 from the Series 1996 Reserve Account to the Series 1996 Sinking Fund on November 15, 2006.

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

CH856067.2

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.

Greenbrier PSD #1
Sewer Refunding Revenue Bonds
Series 2006

SOURCES:

Par Amount of Series 2006		$3,185,000.00
Transfer from 1996 Issue DSR Fund		372,380.97
Transfer from 1996 Issue Debt Service Fund		246,961.15
Accrued Interest		5,031.83
Original Issue Discount		(11,197.65)
TOTAL SOURCES OF FUNDS		$3,798,176.30

USES:

Deposit to Refunding Fund		$3,345,488.96
Deposit to Debt Service Reserve Fund		330,550.00
Underwriter's Discount		63,700.00
Costs of Issuance		
Bond Counsel - Steptoe & Johnson	22,500.00	
Underwriter's Counsel - Jackson Kelly	22,500.00	
Issuer's Counsel -	2,500.00	
Accountant - Griffith & Associates	4,000.00	
Registrar - United Bank	650.00	
Printing*	655.51	
Miscellaneous (Shipping, Postage, etc.)*	600.00	
Total Costs of Issuance		53,405.51
Accrued Interest		5,031.83
TOTAL USES OF FUNDS		$3,798,176.30

estimation of costs

Contacts:

Crews & Associates	BD# 5158
Barry Cunningham	304-344-1733
Michael Lambert	800-766-2000
Steptoe & Johnson	
John Stump	304-353-8196
Karrie Mattox	304-353-8257
Jackson Kelly	
Samme Gee	304-340-1318
Registrar: United Bank, Inc.	
Kathy Smith	304-348-8427
WV Municipal Bond Commission	
Sara Boardman	304-558-3971
First Citizens Bank	
	304-645-3717
DTC	
212-855-3752	
212-855-3754	

WIRE INSTRUCTIONS:

From WV Municipal Bond Commision — *Internal Transfer*

Deposit to Series 1996 Bond Refunding Fund	
From Series 1996 DSR Fund	$372,380.97
From Series 1996 Debt Service Fund	246,961.15
Total	619,342.12
TOTAL WIRE	**$619,342.12**

To WV Municipal Bond Commission

Bank:	BB&T
ABA#:	051503394
Account Name:	State of West Virginia
Account Number	5270517317
Reference:	Greenbrier PSD #1 Series 1996 Bond Payoff
Amount:	**$619,342.12**

From Crews & Associates

Desposit to Series 1996 Bond Refunding Fund	$2,726,146.84
Deposit to Series 2006 DSRF	330,550.00
Deposit to Series 2006 Debt Service Fund	5,031.83
TOTAL WIRE TO REFUNDING FUND	**$3,061,728.67**

To WV Municipal Bond Commission

Bank:	BB&T
ABA#:	051503394
Account Name:	State of West Virginia
Account Number	5270517317
Reference:	Greenbrier PSD #1 Series 1996 Bond Payoff - $2,726,146.84
	Greenbrier PSD #1 Series 2006 Debt Service Fund - $5,031.83
	Greenbrier PSD #1 Series 2006 DSRF - $330,550
Amount:	**$3,061,728.67**

From Crews & Associates

Deposit to Cost of Issuance Fund	
Cost of Issuance	$53,405.51
TOTAL WIRE TO DEBT SERVICE FUND	**$53,405.51**

To First Century Bank

Bank:	First Citizens Bank
ABA#:	053100300
Account Name:	Greenbrier PSD #1 Checking Account
Account Number:	26809
Reference:	Series 2006 COI Fund
Amount:	**$53,405.51**

WEST VIRGINIA
Water Development Authority

Celebrating 32 Years of Service ***1974 - 2006***

$3,185,000

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
(WEST VIRGINIA)
Sewer Refunding Revenue Bonds, Series 2006

CONSENT

In reliance upon the certificate of Griffith & Associates, independent certified public accountants and the opinion of Steptoe & Johnson PLLC, bond counsel, stating that the coverage and parity tests have been met, the undersigned duly authorized representative of the West Virginia Water Development Authority, the registered owner of the Series 1983 B Bonds, hereinafter defined and described, hereby consents to the issuance of the Sewer Refunding Revenue Bonds, Series 2006, by Greenbrier Public Service District No. 1 (the "Issuer"), under the terms of the resolution authorizing the Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Sewer Revenue Bonds, Series 1983 B, dated June 23, 1983, originally issued in the aggregate principal amount of $910,000, of which $344,324 is presently outstanding (the "Series 1983 B Bonds").

WEST VIRGINIA WATER DEVELOPMENT
AUTHORITY

By: _____
Its: Authorized Representative

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

Final

$3,185,000

Greenbrier Public Service District No. 1

Sewer Refunding Revenue Bonds

Series 2006 (Current Ref, NR, 100% DSR) (BQ)

Sources & Uses

Dated 11/01/2006 | Delivered 11/15/2006

SOURCES OF FUNDS	
Par Amount of Bonds	$3,185,000.00
Transfers from Prior Issue DSR Funds	372,380.97
Additional Transfers from Prior Debt Service Funds	216,716.67
Transfers from Prior Issue Debt Service Funds	30,244.48
Accrued Interest from 11/01/2006 to 11/15/2006	5,031.83
Original Issue Discount (OID)	(11,197.65)
TOTAL SOURCES	**$3,798,176.30**

USES OF FUNDS	
Deposit to Current Refunding Fund	3,345,488.96
Deposit to Debt Service Reserve Fund (DSRF)	330,550.00
Total Underwriter's Discount (2.000%)	63,700.00
Costs of Issuance	53,405.51
Deposit to Debt Service Fund	5,031.83
TOTAL USES	**$3,798,176.30**

Final

$3,185,000

Greenbrier Public Service District No. 1
Sewer Refunding Revenue Bonds
Series 2006 (Current Ref, NR, 100% DSR) (BQ)

Debt Service Comparison

Date	Total P+I	DSR	Net New D/S	Old Net D/S	Savings
10/01/2007	298,607.50	-	293,575.67	332,689.28	39,113.61
10/01/2008	327,550.00	-	327,550.00	363,483.76	35,933.76
10/01/2009	324,350.00	-	324,350.00	363,413.76	39,063.76
10/01/2010	325,950.00	-	325,950.00	362,613.76	36,663.76
10/01/2011	327,150.00	-	327,150.00	366,063.76	38,913.76
10/01/2012	272,950.00	-	272,950.00	313,463.76	40,513.76
10/01/2013	330,550.00	-	330,550.00	367,641.26	37,091.26
10/01/2014	325,550.00	-	325,550.00	363,016.26	37,466.26
10/01/2015	325,350.00	-	325,350.00	362,806.26	37,456.26
10/01/2016	329,485.00	-	329,485.00	366,718.76	37,233.76
10/01/2017	327,865.00	-	327,865.00	365,125.00	37,260.00
10/01/2018	325,830.00	-	325,830.00	362,687.50	36,857.50
10/01/2019	328,230.00	(330,550.00)	(2,320.00)	(3,235.00)	(915.00)
Total	**$4,169,417.50**	**(330,550.00)**	**$3,833,835.67**	**$4,286,488.12**	**$452,652.45**

322,052.73

PV Analysis Summary (Net to Net)

Gross PV Debt Service Savings	402,284.87
Effects of changes in DSR investments	(21,821.13)
Net PV Cashflow Savings @ 4.162%(Bond Yield)	380,463.74
Additional Transfers from Prior Debt Service Funds	(216,716.67)
Accrued Interest Credit to Debt Service Fund	5,031.83
Transfers from Prior Issue Debt Service Fund	(30,244.48)
Net Present Value Benefit	$138,534.42
Net PV Benefit / $3,250,000 Refunded Principal	4.263%
Net PV Benefit / $3,185,000 Refunding Principal	4.350%

Refunding Bond Information

Refunding Dated Date	11/01/2006
Refunding Delivery Date	11/15/2006

$3,185,000

Greenbrier Public Service District No. 1
Sewer Refunding Revenue Bonds
Series 2006 (Current Ref, NR, 100% DSR) (BQ)

Pricing Summary

Maturity	Type of Bond	Coupon	Yield	Maturity Value	Price	Dollar Price
10/01/2007	Serial Coupon	3.800%	3.850%	180,000.00	99.953%	179,915.40
10/01/2008	Serial Coupon	4.000%	3.950%	205,000.00	100.086%	205,176.30
10/01/2009	Serial Coupon	4.000%	3.999%	210,000.00	100.000%	210,000.00
10/01/2010	Serial Coupon	4.000%	4.020%	220,000.00	99.925%	219,835.00
10/01/2011	Serial Coupon	4.000%	4.040%	230,000.00	99.820%	229,586.00
10/01/2012	Serial Coupon	4.000%	4.080%	185,000.00	99.581%	184,224.85
10/01/2013	Serial Coupon	4.000%	4.100%	250,000.00	99.402%	248,505.00
10/01/2014	Serial Coupon	4.000%	4.120%	255,000.00	99.195%	252,947.25
10/01/2015	Serial Coupon	4.100%	4.140%	265,000.00	99.701%	264,207.65
10/01/2016	Serial Coupon	4.150%	4.170%	280,000.00	99.835%	279,538.00
10/01/2017	Serial Coupon	4.150%	4.210%	290,000.00	99.476%	288,480.40
10/01/2018	Serial Coupon	4.200%	4.240%	300,000.00	99.625%	298,875.00
10/01/2019	Serial Coupon	4.200%	4.280%	315,000.00	99.210%	312,511.50
Total	-	-	-	**$3,185,000.00**	-	**$3,173,802.35**

Bid Information

Par Amount of Bonds	$3,185,000.00
Reoffering Premium or (Discount)	(11,197.65)
Gross Production	$3,173,802.35
Total Underwriter's Discount (2.000%)	$(63,700.00)
Bid (97.648%)	3,110,102.35
Accrued Interest from 11/01/2006 to 11/15/2006	5,031.83
Total Purchase Price	$3,115,134.18
Bond Year Dollars	$23,830.72
Average Life	7.482 Years
Average Coupon	4.1308756%
Net Interest Cost (NIC)	4.4451660%
True Interest Cost (TIC)	4.4920439%

Final

$3,185,000

Greenbrier Public Service District No. 1
Sewer Refunding Revenue Bonds
Series 2006 (Current Ref, NR, 100% DSR) (BQ)

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
11/15/2006	-	-	-	-	-
04/01/2007	-	-	53,912.50	53,912.50	-
10/01/2007	180,000.00	3.800%	64,695.00	244,695.00	298,607.50
04/01/2008	-	-	61,275.00	61,275.00	-
10/01/2008	205,000.00	4.000%	61,275.00	266,275.00	327,550.00
04/01/2009	-	-	57,175.00	57,175.00	-
10/01/2009	210,000.00	4.000%	57,175.00	267,175.00	324,350.00
04/01/2010	-	-	52,975.00	52,975.00	-
10/01/2010	220,000.00	4.000%	52,975.00	272,975.00	325,950.00
04/01/2011	-	-	48,575.00	48,575.00	-
10/01/2011	230,000.00	4.000%	48,575.00	278,575.00	327,150.00
04/01/2012	-	-	43,975.00	43,975.00	-
10/01/2012	185,000.00	4.000%	43,975.00	228,975.00	272,950.00
04/01/2013	-	-	40,275.00	40,275.00	-
10/01/2013	250,000.00	4.000%	40,275.00	290,275.00	330,550.00
04/01/2014	-	-	35,275.00	35,275.00	-
10/01/2014	255,000.00	4.000%	35,275.00	290,275.00	325,550.00
04/01/2015	-	-	30,175.00	30,175.00	-
10/01/2015	265,000.00	4.100%	30,175.00	295,175.00	325,350.00
04/01/2016	-	-	24,742.50	24,742.50	-
10/01/2016	280,000.00	4.150%	24,742.50	304,742.50	329,485.00
04/01/2017	-	-	18,932.50	18,932.50	-
10/01/2017	290,000.00	4.150%	18,932.50	308,932.50	327,865.00
04/01/2018	-	-	12,915.00	12,915.00	-
10/01/2018	300,000.00	4.200%	12,915.00	312,915.00	325,830.00
04/01/2019	-	-	6,615.00	6,615.00	-
10/01/2019	315,000.00	4.200%	6,615.00	321,615.00	328,230.00
Total	**$3,185,000.00**	-	**$984,417.50**	**$4,169,417.50**	-

Yield Statistics

Accrued Interest from 11/01/2006 to 11/15/2006	5,031.83
Bond Year Dollars	$23,830.72
Average Life	7.482 Years
Average Coupon	4.1308756%
Net Interest Cost (NIC)	4.4451660%
True Interest Cost (TIC)	4.4920439%
Bond Yield for Arbitrage Purposes	4.1622394%
All Inclusive Cost (AIC)	4.7761213%

IRS Form 8038

Net Interest Cost	4.1754880%
Weighted Average Maturity	7.475 Years

$3,185,000

Greenbrier Public Service District No. 1
Sewer Refunding Revenue Bonds
Series 2006 (Current Ref, NR, 100% DSR) (BQ)

Proof Of Bond Yield @ 4.1622394%

Date	Cashflow	PV Factor	Present Value	Cumulative PV
11/15/2006	-	1.0000000x	-	-
04/01/2007	53,912.50	0.9845578x	53,079.97	53,079.97
10/01/2007	244,695.00	0.9644857x	236,004.84	289,084.81
04/01/2008	61,275.00	0.9448228x	57,894.02	346,978.83
10/01/2008	266,275.00	0.9255608x	246,453.71	593,432.54
04/01/2009	57,175.00	0.9066915x	51,840.09	645,272.62
10/01/2009	267,175.00	0.8882068x	237,306.66	882,579.28
04/01/2010	52,975.00	0.8700990x	46,093.50	928,672.78
10/01/2010	272,975.00	0.8523604x	232,673.08	1,161,345.86
04/01/2011	48,575.00	0.8349834x	40,559.32	1,201,905.17
10/01/2011	278,575.00	0.8179606x	227,863.39	1,429,768.56
04/01/2012	43,975.00	0.8012849x	35,236.51	1,465,005.07
10/01/2012	228,975.00	0.7849492x	179,733.75	1,644,738.81
04/01/2013	40,275.00	0.7689465x	30,969.32	1,675,708.14
10/01/2013	290,275.00	0.7532701x	218,655.47	1,894,363.60
04/01/2014	35,275.00	0.7379132x	26,029.89	1,920,393.49
10/01/2014	290,275.00	0.7228694x	209,830.92	2,130,224.42
04/01/2015	30,175.00	0.7081323x	21,367.89	2,151,592.31
10/01/2015	295,175.00	0.6936957x	204,761.63	2,356,353.94
04/01/2016	24,742.50	0.6795534x	16,813.85	2,373,167.79
10/01/2016	304,742.50	0.6656994x	202,866.90	2,576,034.69
04/01/2017	18,932.50	0.6521278x	12,346.41	2,588,381.10
10/01/2017	308,932.50	0.6388330x	197,356.26	2,785,737.36
04/01/2018	12,915.00	0.6258091x	8,082.32	2,793,819.68
10/01/2018	312,915.00	0.6130508x	191,832.79	2,985,652.47
04/01/2019	6,615.00	0.6005526x	3,972.66	2,989,625.13
10/01/2019	321,615.00	0.5883092x	189,209.05	3,178,834.18
Total	**$4,169,417.50**	-	**$3,178,834.18**	-

Derivation Of Target Amount

Par Amount of Bonds	$3,185,000.00
Reoffering Premium or (Discount)	(11,197.65)
Accrued Interest from 11/01/2006 to 11/15/2006	5,031.83
Original Issue Proceeds	$3,178,834.18

$3,185,000

Greenbrier Public Service District No. 1
Sewer Refunding Revenue Bonds
Series 2006 (Current Ref, NR, 100% DSR) (BQ)

Derivation Of Form 8038 Yield Statistics

Maturity	Issuance Value	Price	Issuance PRICE	Exponent	Bond Years
11/15/2006	-	-	-	-	-
10/01/2007	180,000.00	99.953%	179,915.40	0.8777778x	157,925.74
10/01/2008	205,000.00	100.086%	205,176.30	1.8777778x	385,275.50
10/01/2009	210,000.00	100.000%	210,000.00	2.8777778x	604,333.33
10/01/2010	220,000.00	99.925%	219,835.00	3.8777778x	852,471.28
10/01/2011	230,000.00	99.820%	229,586.00	4.8777778x	1,119,869.49
10/01/2012	185,000.00	99.581%	184,224.85	5.8777778x	1,082,832.73
10/01/2013	250,000.00	99.402%	248,505.00	6.8777778x	1,709,162.17
10/01/2014	255,000.00	99.195%	252,947.25	7.8777778x	1,992,662.23
10/01/2015	265,000.00	99.701%	264,207.65	8.8777778x	2,345,576.80
10/01/2016	280,000.00	99.835%	279,538.00	9.8777778x	2,761,214.24
10/01/2017	290,000.00	99.476%	288,480.40	10.8777778x	3,138,025.68
10/01/2018	300,000.00	99.625%	298,875.00	11.8777778x	3,549,970.83
10/01/2019	315,000.00	99.210%	312,511.50	12.8777778x	4,024,453.65
Total	**$3,185,000.00**	-	**$3,173,802.35**	-	**$23,723,773.67**

IRS Form 8038

Weighted Average Maturity = Bond Years/Issue Price	7.475 Years
Total Interest from Debt Service	984,417.50
Accrued Interest from 11/01/2006 to 11/15/2006	(5,031.83)
Reoffering (Premium) or Discount	11,197.65
Total Interest	990,583.32
NIC = Interest / (Issue Price * Average Maturity)	4.1754880%
Bond Yield for Arbitrage Purposes	4.1622394%

$3,185,000

Greenbrier Public Service District No. 1
Sewer Refunding Revenue Bonds
Series 2006 (Current Ref, NR, 100% DSR) (BQ)

Current Refunding Escrow

Date	Principal	Rate	Receipts	Disbursements	Cash Balance
11/15/2006	-	-	0.96	-	0.96
12/01/2006	3,345,488.00	-	3,345,488.00	3,345,488.96	-
Total	**$3,345,488.00**	-	**$3,345,488.96**	**$3,345,488.96**	-

Investment Parameters

Investment Model [PV, GIC, or Securities]	Securities
Default investment yield target	Unrestricted
Cash Deposit	0.96
Cost of Investments Purchased with Bond Proceeds	3,345,488.00
Total Cost of Investments	$3,345,488.96
Target Cost of Investments at bond yield	$3,339,369.31
Actual positive or (negative) arbitrage	(6,119.65)
Yield to Receipt	-2.45E-12
Yield for Arbitrage Purposes	4.1622394%
State and Local Government Series (SLGS) rates for	10/18/2006

$3,885,000

Greenbrier Public Service District No. 1
Sewer Refunding Revenue Bonds
Series 1996

Debt Service To Maturity And To Call

Date	Refunded Bonds	Premium	Interest to Call	D/S To Call	Principal	Coupon	Interest	Refunded D/S
11/15/2006	-	-	-	-	-	-	-	-
12/01/2006	3,250,000.00	65,000.00	30,488.96	3,345,488.96	-	-	-	-
04/01/2007	-	-	-	-	-	-	91,466.88	91,466.88
10/01/2007	-	-	-	-	180,000.00	5.250%	91,466.88	271,466.88
04/01/2008	-	-	-	-	-	-	86,741.88	86,741.88
10/01/2008	-	-	-	-	190,000.00	5.300%	86,741.88	276,741.88
04/01/2009	-	-	-	-	-	-	81,706.88	81,706.88
10/01/2009	-	-	-	-	200,000.00	5.400%	81,706.88	281,706.88
04/01/2010	-	-	-	-	-	-	76,306.88	76,306.88
10/01/2010	-	-	-	-	210,000.00	5.500%	76,306.88	286,306.88
04/01/2011	-	-	-	-	-	-	70,531.88	70,531.88
10/01/2011	-	-	-	-	225,000.00	5.600%	70,531.88	295,531.88
04/01/2012	-	-	-	-	-	-	64,231.88	64,231.88
10/01/2012	-	-	-	-	185,000.00	5.850%	64,231.88	249,231.88
04/01/2013	-	-	-	-	-	-	58,820.63	58,820.63
10/01/2013	-	-	-	-	250,000.00	5.850%	58,820.63	308,820.63
04/01/2014	-	-	-	-	-	-	51,508.13	51,508.13
10/01/2014	-	-	-	-	260,000.00	5.850%	51,508.13	311,508.13
04/01/2015	-	-	-	-	-	-	43,903.13	43,903.13
10/01/2015	-	-	-	-	275,000.00	5.850%	43,903.13	318,903.13
04/01/2016	-	-	-	-	-	-	35,859.38	35,859.38
10/01/2016	-	-	-	-	295,000.00	5.625%	35,859.38	330,859.38
04/01/2017	-	-	-	-	-	-	27,562.50	27,562.50
10/01/2017	-	-	-	-	310,000.00	5.625%	27,562.50	337,562.50
04/01/2018	-	-	-	-	-	-	18,843.75	18,843.75
10/01/2018	-	-	-	-	325,000.00	5.625%	18,843.75	343,843.75
04/01/2019	-	-	-	-	-	-	9,703.13	9,703.13
10/01/2019	-	-	-	-	345,000.00	5.625%	9,703.13	354,703.13
Total	**$3,250,000.00**	**$65,000.00**	**$30,488.96**	**$3,345,488.96**	**$3,250,000.00**	**-**	**$1,434,373.86**	**$4,684,373.86**

Yield Statistics

Average Life	7.697 Years
Weighted Average Maturity (Par Basis)	7.658 Years
Average Coupon	5.6733026%

Refunding Bond Information

Refunding Dated Date	11/01/2006
Refunding Delivery Date	11/15/2006

$3,185,000

Greenbrier Public Service District No. 1

Sewer Refunding Revenue Bonds

Series 2006 (Current Ref, NR, 100% DSR) (BQ)

Summary Of Bonds Refunded

Issue	Maturity	Type	of Bond	Coupon	Maturity Value	Call Date	Call Price
Dated 4/01/2003 | Delivered 4/01/2003							
Series 1996	10/01/2007	Serial	Coupon	5.250%	180,000	12/01/2006	102.000%
Series 1996	10/01/2008	Serial	Coupon	5.300%	190,000	12/01/2006	102.000%
Series 1996	10/01/2009	Serial	Coupon	5.400%	200,000	12/01/2006	102.000%
Series 1996	10/01/2010	Serial	Coupon	5.500%	210,000	12/01/2006	102.000%
Series 1996	10/01/2011	Serial	Coupon	5.600%	225,000	12/01/2006	102.000%
Series 1996	10/01/2012	Term 1	Coupon	5.850%	185,000	12/01/2006	102.000%
Series 1996	10/01/2013	Term 1	Coupon	5.850%	250,000	12/01/2006	102.000%
Series 1996	10/01/2014	Term 1	Coupon	5.850%	260,000	12/01/2006	102.000%
Series 1996	10/01/2015	Term 1	Coupon	5.850%	275,000	12/01/2006	102.000%
Series 1996	10/01/2016	Term 2	Coupon	5.625%	295,000	12/01/2006	102.000%
Series 1996	10/01/2017	Term 2	Coupon	5.625%	310,000	12/01/2006	102.000%
Series 1996	10/01/2018	Term 2	Coupon	5.625%	325,000	12/01/2006	102.000%
Series 1996	10/01/2019	Term 2	Coupon	5.625%	345,000	12/01/2006	102.000%
Subtotal	-			-	**$3,250,000**	-	-
Total	-			-	**$3,250,000**	-	-

CUSIP SERVICE BUREAU
STANDARD & POOR'S, a division of The McGraw-Hill Companies, Inc.
55 Water Street, New York, NY 10041

October 24, 2006

MICHAEL LAMBERT
CREWS & ASSOCIATES INC
521 PRESIDENT CLINTON AVENUE
LITTLE ROCK,AR 72201

Mr. MICHAEL LAMBERT

This is in response to your request for the EXPRESS assignment of Municipal CUSIP Numbers to:

ISSUER : GREENBRIER W VA PUB SVC DIST NO 1 SWR REV GREENBRIER CNTY
CUSIP Issuer Number: 393685

CUSIP NUMBER	ISIN NUMBER	Issue Description	Dated Date	Rate	Maturity
393685 AU 6	US393685AU62	REF	11/01/2006	3.800%	10/01/2007
393685 AV 4	US393685AV46	REF	11/01/2006	4.000%	10/01/2008
393685 AW 2	US393685AW29	REF	11/01/2006	4.000%	10/01/2009
393685 AX 0	US393685AX02	REF	11/01/2006	4.000%	10/01/2010
393685 AY 8	US393685AY84	REF	11/01/2006	4.000%	10/01/2011
393685 AZ 5	US393685AZ59	REF	11/01/2006	4.000%	10/01/2012
393685 BA 9	US393685BA99	REF	11/01/2006	4.000%	10/01/2013
393685 BB 7	US393685BB72	REF	11/01/2006	4.000%	10/01/2014
393685 BC 5	US393685BC55	REF	11/01/2006	4.100%	10/01/2015
393685 BD 3	US393685BD39	REF	11/01/2006	4.150%	10/01/2016
393685 BE 1	US393685BE12	REF	11/01/2006	4.150%	10/01/2017
393685 BF 8	US393685BF86	REF	11/01/2006	4.200%	10/01/2018
393685 BG 6	US393685BG69	REF	11/01/2006	4.200%	10/01/2019

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Municipal cusip_support@standardandpoors.com

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Standard & Poor's CUSIP Service Bureau
55 Water Street, 45th Floor
New York, NY 10041

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Sincerely yours,

Gerard Faulkner
Editor
CUSIP Service Bureau

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ON FILE WITH ISSUER

THIS AGREEMENT, made and entered into this 10th day of June, 1986, by and between the CITY OF RONCEVERTE, a municipal corporation of West Virginia, party of the first part, hereinafter referred to as the "City", and GREENBRIER PUBLIC SERVICE DISTRICT NO. 1, a corporation organized and existing under and by virtue of the laws of the State of West Virginia, party of the second part, hereinafter referred to as the "District".

W I T N E S S E T H:

WHEREAS, the City owns and operates a sewage treatment plant facility with a system of interceptors leading therefrom to portions of the City's corporate limits, which said plant and system is capable of treating wastes which may be delivered to the City by the District from without the City's corporate limits; and

WHEREAS, the City is agreeable and willing to obligate inself by contract to accept, transport and treat certain of the sewage and wastes originating in areas outside of the corporate limits of said City; and

WHEREAS, the District desires that the City receive all normal, domestic and commercial wastes originating within the boundaries of the District and to transport the same to, and treat such wastes at the City's sewage treatment plant, to the end that no untreated or improperly treated wastes from the District may be discharged into streams, or elsewhere in the general vicinity of the City and the District; and

WHEREAS, in the judgment of the parties to this contract, the transportation to and the treatment of such wastes, originated with the District, at the sewage treatment plant owned by the City will be to the mutual advantage of the City and the District; and

NOW, THEREFORE, FOR AND IN CONSIDERATION, of the premises and of the covenants and conditions herein contained, the parties hereto do hereby covenant and agree, each with the other, as follows:

1. The District hereby agrees to deliver all of its normal domestic and commercial wastes originating within its boundaries to any installed sewer line therein and thence to an interceptor line installed by the City, with adequate capacity as determined by the City with data and information sufficient to enable the City to evaluate the circumstances and requirements of every flow proposed for delivery to the City at any point. The City shall be obligated to receive the flow from the District in quanities only up to the designed capacity of the City's lines, receiving such flow and transporting the same to the designed capacity of its treatment plant.

2. The City has received grants from governmental agencies to finance a portion of the costs of the construction and installation of the interceptor line, which runs from the District's metering station in Bruce Hollow to the treatment plant. The District has paid, as a connection charge, the difference between the amount received from such grants and the costs of construction and installation of said interceptor line or lines. Such costs have included all engineering fees, legal fees, and any and all other costs necessary and incidental to the construction and installation of said interceptor line, so that the total cost to the City has been paid without any obligation from the general revenues of the City and without any obligation on the part of the citizens of the City of Ronceverte. The City agrees to maintain said interceptor line from the sewage treatment plant to the City's metering station in Bruce Hollow at no cost to the District. The District agrees to maintain said interceptor line from the City's metering station in Bruce Hollow to the District's metering station in Bruce Hollow at no cost to the City.

3. All facilities necessary for the collection of waste within the District and to points of delivery to the City at its metering station in Bruce Hollow, shall be provided and maintainted at the sole cost of the District, and without cost to the City.

4. The City agrees to accept all of the normal domestic and commercial wastes from the area of the District and to transport the same therefrom, through its interceptor lines, to its sewage treatment plant, and to treat all such waste at its treatment plant to the same extent and degree that it shall treat wastes originating within the City, at its treatment plant, and such treatment shall be the exclusive responsibility of the City. All waste treated at the City treatment plant, including waste originating in the District, shall be the property of the City.

5. The District expressly covenants and agrees to adopt, maintain and enforce within the area served by the District certain compulsory ordinances, no less regulatory or restrictive than ordinances effective within the City, regulating, limiting, or prohibiting the introduction into the sewer distribution or collector lines in said District, of excluded or objectionable substances, matter or materials, either as to quality or quanity thereof.

6. In addition to the normal domestic and commercial wastes accepted by the City from the District, through its interceptor lines, to its sewage treatment plant, the City agrees to accept certain industrial wastes, so long as such industrial wastes are liquid wastes, other than normal sewage, resulting from

processes or operations employed in industrial or manufacturing establishments, and so long as the quanity of oxygen utilized in the biochemical oxidation of organic matter under standard laboratory procedure in five days at 20* C., does not exceed one thousand parts per million. It is expressly understood that the District shall be obligated to pay to the City such amount or amounts as may be necessary and sufficient to cover the additional expenses of handling such industrial wastes, beyond the base rate costs for normal sewage, as hereinafter provided.

7. The District agrees to pay to the City any fines or penalties assessed against the City regarding illegal discharges, if it can be determined that such discharges originated from a point within the District's collection system, with said fines or penalties not being figured as a cost in determining the operational cost of the sewer treatment plant for the City's billing purposes to the District.

8. The City agrees that any fines or penalties assessed against the City regarding illegal discharges will be paid by the City, if it can be determined that such discharges originated from a point within the City's collection system, with said fines or penalties not being figured as a cost in determining the operational cost of the sewer treatment plant for the City's billing purposes to the District.

9. The District agrees to pay to the City for its handling and treatment of all sewage and wastes, originating within the District, a sum to be determined by the following formula:

The annual operating expenses of the existing sewage treatment plant, including labor, materials, supplies, depreciation, all other operational expenses, accounting and other administrative expenses attributable to the sewage treatment plant, excluding debt service, divided by the total annual sewage flow in millions of gallons of all sewage or waste as recorded by the City's sewage treatment plant, which amount shall give the cost per million gallons of flow. The flow from the District shall be measured at its point of introduction into the City's metering station building in Bruce Hollow. The City agrees to bill the District based on the District's flow on a monthly basis, and the District agrees to pay to the City on a monthly basis the costs as determined by the above stated formula, with the exception of the depreciation costs. The District will maintain its own Renewal and Replacement Account for the handling of depreciation costs.

10. The City's billings to the District will be an estimated cost based on the prior fiscal years cost. At the end of each fiscal year the City will determine the actual cost to operate the sewage treatment plant, and, if necessary, the City will bill the District for the difference between the actual cost and the estimated costs that have been previously billed to the District, or, if necessary, the City will issue a credit memorandum to the District for the difference between the actual cost and the estimated costs that have been previously billed to the District.

11. The District agrees to pay to the City for its share of capital expenditures for the existing sewage treatment plant based on the District's percentage of usage, according to total plant flow, for the prior fiscal year. At the end of each fiscal year the City will determine the actual District percentage of usage for the fiscal year, according to total plant flow, and the proper billing adjustment or credit adjustment will be made, whereby the District will be paying for its share of capital expenditures for the existing sewage treatment plant, based on the District's percentage of usage, according to total plant flow, for the fiscal year in which the capital expenditures were made. The City agrees to inform the District in regards to the necessity of making each capital expenditure before arrangements are made for making such expenditure.

12. The District agrees to pay to the City, when billed, for all costs relating to the operation of the City's metering station located in Bruce Hollow, including capital expenditures. The City agrees to inform the District in regards to the necessity of making each capital expenditure for said metering station before arrangements are made for making such expenditure. The City assures the District that City sewer treatment plant personnel will cooperate fully with the District in the operation of said metering station and in checking said metering station for accuracy.

13. The City does hereby agree that the sewer treatment plant will be operated as a separate and distinct operation from all other departments of the City, and that sewer treatment plant equipment and vehicles will be used exclusively in the operation of the sewer treatment plant, with an exception being in the case of an emergency. In the case of an emergency and other City departments use subject equipment or vehicles, the City agrees that proper accounting measures will be taken that the sewer treatment plant is not charged for subject emergency usage.

14. The City agrees that the District or representatives of the District, not only have the right, but will be welcome to visit the sewer treatment plant at any time during employee operational hours to observe the operation of the sewer treatment plant and to make suggestions in regards to said operation. The City assures the District that City sewer treatment plant personnel will cooperate fully with the District in regards to the operation of the sewer treatment plant.

15. The City does hereby agree to maintain its books and records in such a manner as to provide separate accounting for the costs of operating the sewage treatment plant and the City's Bruce Hollow metering station, with all subject invoices being filed in the order in which they are paid in order to facilitate auditing of said books and records. The City further agrees to maintain its books and records regarding the total amount of sewage and waste treated at the sewer treatment plant and regarding the total amount of sewage and waste entering the City's Bruce Hollow metering station. The City further agrees to permit the District or representatives of the District to check, examine, or audit subject books and records at any time during business hours.

16. This agreement has been drafted in accordance with that certain agreement between the City and the District dated June 10, 1974 and approved, subject to certain modifications set out in subsequent agreements between the City and the District dated February 1, 1975 and September 30, 1977.

17. It is mutually understood and agreed that this agreement shall continue in full force and effect for as may years as may be necessary to retire any and all bonds issued by the District, or by the City for its sewer treatment plant, and for bonds issued for the construction and maintenance of lines by the District, or until it is mutually understood and agreed by both parties that changes or modifications need to be made in said agreement.

IN WITNESS WHEREOF, the parties hereto have each signed their names and affixed their seals thereto, as of the day and year first above written:

CITY OF RONCEVERTE,
a West Virginia Municipal Corporation

By C. Fred Workman
Its Mayor

Attest: Keith E. Brown
City Mgr. & Recording Officer

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
a West Virginia Corporation

By Thomas P. B. Feggans
Chairman

Attest: Paul K. Legg
Secretary

ORIGINAL

ENTERED
O.B. 87-C Page

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: June 29, 1987

CASE NO. 87-150-S-PC

GREENBRIER PUBLIC SERVICE DISTRICT NO. 1
and CITY OF RONCEVERTE
Request for approval of agreement
for treatment of sewage.

FINAL ORDER

On March 16, 1987, Greenbrier Public Service District No. 1 (District) and the City of Ronceverte (City or Ronceverte) filed an Agreement with the Public Service Commission calling for the treatment of the District's sewage by the City. Among other things, the Agreement between the City and the District sets out the various obligations and responsibilities of the two parties to the Agreement and sets forth the method of reimbursement by the District to the City for sewage treatment services. The Agreement further states that it has been drafted in accordance with the Agreement between the City and the District dated June 10, 1974 and approved, subject to certain modifications set out in subsequent Agreements between the City and the District dated February 1, 1975, and September 30, 1977.

On June 16, 1987, Staff Attorney Robert M. Adkins submitted the Joint Staff Memorandum in this proceeding. According to Mr. Adkins, a field investigation was performed by Commission Staff regarding the contract and the contract was discussed with all parties involved. Mr. Adkins indicated that Commission Staff has some concern that basing the expense allocation on the annual sewage flow may not be totally accurate and Staff is therefore recommending some changes to the contract which provide that the allocation of the District's sewer treatment expenses will be based on an

annual audit instead of allocating the District's share according to a formula based on expenses divided by annual flow. The Staff recommendation was set out in more detail in the Internal Memorandum filed by Utilities Analyst Carolyn Milam, attached to the Joint Staff Memorandum.

According to Utilities Analyst Milam, the City has provided sewage treatment services to the District since 1974. The contract under review was entered into on July 1, 1986, and no change in the scope of service is provided by the new contract. Staff has recommended that Section 9 of the contract be changed to read as follows:

> The District agrees to pay to the City for its handling and treatment of all sewage and wastes, originating within the District, a sum to be determined as follows:
>
> The annual operating expenses of the system including labor, materials, supplies, other operational expenses, accounting and other administrative expenses attributable to the sewage treatment plant and depreciation expense will be audited annually by an independent certified public accountant. The District's proper share of expenses will be allocated at that time and the rates per thousand gallons charged to the District will be adjusted as detailed in Section 10 of this contract. The City agrees to bill the District based on the District's flow on a monthly basis and the District agrees to pay the City on a monthly basis as determined above with the exception of depreciation costs. The flow from the District shall be measured at its point of introduction into the City's metering station building in Bruce Hollow. The District will maintain its own Renewal and Replacement account for reimbursement of capital expenditures as detailed in Sections 11 and 12 of this contract.

Ms. Milam indicated that the City incurred no costs for system improvements made in order to serve the District and that the major portion of the cost of construction of the interceptor line, which runs from the District's metering station to the treatment plant, and improvements to increase the treatment plant capacity were paid with grant funds from governmental agencies, with remaining costs paid by the District. The District is presently maintaining a Renewal and Replacement Fund and proposes to reimburse the City for its share of renewal and replacement costs from that

Fund and Ms. Milam indicated that both parties desire that the cost of capital improvements be handled in that manner.

Commission Staff is also recommending the inclusion of two additional statements in two sections of the contract. Staff is recommending that the following statement be included in Section 11 of the contract:

> All expenditures for capital improvements will be audited annually. The City will bill the District for any differences between the actual costs and actual reimbursements made by the District or, if necessary, the City will issue a credit memorandum to the District for the difference.

Commission Staff is also recommending that the following statement be included in Section 12 of the contract:

> All costs relating to the operation of the City's metering station located in Bruce Hollow, including capital expenditures, will be audited annually. The City will bill the District for any differences between the actual costs and actual reimbursements made by the District or, if necessary, the City will issue a credit memorandum to the District for the difference.

Commission Staff is recommending that the contract be approved with the three changes noted in the Memorandum filed by Carolyn Milam dated May 7, 1987.

The Staff recommendations, as set forth in the Joint Staff Memorandum and the Internal Memorandum attached thereto, were served upon Greenbrier Public Service District No. 1 and the City of Ronceverte by letter dated June 16, 1987, from Howard M. Cunningham, Executive Secretary of the Public Service Commission. Neither Greenbrier Public Service District No. 1 nor the City of Ronceverte has filed any response to the Staff recommendations. Therefore, the Administrative Law Judge (ALJ) must assume that neither party has any objection to the Staff revisions to the contract filed on March 16, 1987 between Greenbrier Public Service District No. 1 and the City of Ronceverte.

Upon consideration of all of the above, the ALJ is of the opinion that the contract filed on March 16, 1987, should be approved, with the revisions recommended by Commission Staff in the Joint Staff Memorandum filed on June 16, 1987, incorporating the recommendations set forth in the Internal Memorandum from Carolyn Milam to Robert Adkins dated May 7, 1987.

FINDINGS OF FACT

1. Commission Staff has reviewed the contract for the treatment of sewage filed on March 16, 1987, by Greenbrier Public Service District No. 1 and the City of Ronceverte and recommends approval thereof, with certain revisions. (Joint Staff Memorandum filed June 16, 1987).

2. The Staff recommendations were served upon Greenbrier Public Service District No. 1 and the City of Ronceverte and neither party has filed any response to the various Staff recommendations regarding the contract filed on March 16, 1987. (See, Letter dated June 16, 1987, from Howard M. Cunningham to Greenbrier Public Service District No. 1 and the City of Ronceverte).

CONCLUSIONS OF LAW

1. It is reasonable to assume that neither Greenbrier Public Service District No. 1 nor the City of Ronceverte has any objection to the Staff revisions to the contract filed by the two parties on March 16, 1987, since neither party filed any response or objection to the Staff recommendations.

2. It is reasonable to approve the contract between Greenbrier Public Service District No. 1 and the City of Ronceverte for the treatment of sewage filed on March 16, 1987, as amended to incorporate the revisions recommended by Commission Staff.

ORDER

IT IS, THEREFORE, ORDERED that Greenbrier Public Service District No. 1 and the City of Ronceverte refile the Agreement between them for the treatment of the District's sewage by the City of Ronceverte, incorporating the three Staff revisions set forth in the Internal Memorandum from Utilities Analyst Carolyn Milam to Staff Attorney Robert Adkins, and discussed previously in this Order, within fifteen (15) days from the date of this Order.

IT IS FURTHER ORDERED that the Agreement filed on March 16, 1987, between Greenbrier Public Service District No. 1 and the City of Ronceverte, providing for the treatment of the District's sewage by the City of Ronceverte be, and it hereby is, approved, as revised herein, for all sewage treatment service rendered by the City of Ronceverte to Greenbrier Public Service District No. 1 on and after the date of this Order.

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

This order is issued pursuant to General Order No. 212, dated December 16, 1982, which order designates the Division of Administrative Law Judges as the initial decision making body in the Public Service Commission and authorizes the Public Service Commission Administrative Law Judges to issue orders on behalf of the Commission in all proceedings filed pursuant to Chapter 24 of the West Virginia Code, which proceedings are not set for hearing and which orders shall have the full force and effect of Commission orders, without the provision for the filing of exceptions thereto.

Leave is hereby granted to the parties to file a petition for further hearing, reopening, or rehearing pursuant to Rule 19 of the Commission's Rules of Practice and Procedure with the Executive Secretary of the Commission within ten (10) days after the date this order is mailed.

Melissa K. Marland

Melissa K. Marland
Deputy Chief Administrative Law Judge

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