GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

BOND TRANSCRIPT

Table of Contents

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. Series 2010 A Loan Agreement
4. Public Service Commission Orders
5. Infrastructure and Jobs Development Council Approval
6. Cross-Receipt for Bonds and Bond Proceeds
7. Direction to Authenticate and Deliver Bonds
8. Specimen Series 2010 A Bond

OPINIONS OF COUNSEL

9. Approving Opinion of Steptoe & Johnson PLLC, Bond Counsel
10. Opinion of Counsel to Issuer

CERTIFICATES

11. General Certificate of Issuer and Attorney
12. Certificate of Engineer, with Schedule B Attached
13. Certificate of Certified Public Accountant
14. Certificate as to Use of Proceeds

DOCUMENTS OF THE ISSUER

15. County Commission Orders on the Creation and Enlargement of District

16. County Commission Orders Appointing Current Boardmembers

17. Oaths of Office of Current Boardmembers

18. Rules of Procedure

19. Minutes of Current Year Organizational Meeting

20. Minutes on Adoption of Bond Resolution, Supplemental Resolution, and First Draw Resolution

21. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

22. Acceptance of Appointment as Depository Bank

23. Acceptance of Duties as Registrar

24. Certificate of Registration of Bonds

25. Registrar's Agreement

26. WDA Consent to Issuance of Parity Bonds

27. USDA Consent to Issuance of Parity Bonds

28. Prior Resolutions

29. Insurance Certificate

30. Closing Memorandum

31. Sweep Resolution

GREATER HARRISON COUNTY
PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $878,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

A. Greater Harrison County Public Service District (the "Issuer") is a public service district and a public corporation and political subdivision of the State of West Virginia in Harrison County of said State, duly created pursuant to the Act by The County Commission of Harrison County.

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be designed certain extensions, additions, betterments and improvements to the existing public sewerage facilities of the Issuer, consisting of construction of Phase II/ Route 73 Sewer project, together with all appurtenant facilities (the design of the aforementioned improvements and extensions is herein referred to as the "Project"). The existing public sewerage facilities of the Issuer and any further improvements or extensions thereto, including those contemplated by the Project, are herein called the "System".

C. In order to complete the Project, the Issuer has entered into a Contract with the Consulting Engineer for preconstruction engineering services. The Issuer intends to finance the costs of the Project through the issuance of its revenue bonds to the West Virginia Water Development Authority (the "Authority"), which administers its loan program, pursuant to the Act.

D. It is deemed necessary for the Issuer to issue its Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), in the principal amount of not more than $878,500 (the "Series 2010 A Bonds"), to temporarily finance a portion of the costs of the Project and to pay costs of issuance of the Series 2010 A Bonds. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of interest, if any, upon the Series 2010 A Bonds prior to and during the Project and for a period not exceeding 6 months after completion of the Project; amounts which may be deposited in the Series 2010 A Bonds Reserve Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2010 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the undertaking of the Project, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2010 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

E. The period of usefulness of the System after completion of certain extensions, additions, betterments and improvements to the existing public sewerage facilities of the Issuer as defined in Section 1.02B is not less than 20 years.

F. It is in the best interests of the Issuer that its Series 2010 A Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority for the Series 2010 A Bonds, in form satisfactory to the

respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. The Issuer has the following outstanding obligations: (i) Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771, under its prior name Grant-Union Public Service District (the "Series 1986 A Bonds"); (ii) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908, under its prior name Grant-Union Public Service District (the "Series 1990 A Bonds"); (iii) Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated April 18, 1995, issued in the original aggregate principal amount of $432,000, assumed as a result of a merger with Mount Clare Road Public Service District (the "Series 1995 Bonds"); (iv) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387, under its prior name Grant-Union Public Service District (the "Series 1986 B Bonds"); (v) Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,342, under its prior name Grant-Union Public Service District (the "Series 1990 B Bonds"); (vi) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated June 26, 2003, issued in the original aggregate principal amount of $1,981,165 (the "Series 2003 A Bonds"); (vii) Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), dated June 26, 2003, issued in the original aggregate principal amount of $4,130,000 (the "Series 2003 B Bonds"); and (viii) Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated October 27, 2008, issued in the original aggregate principal amount of $943,506 (the "Series 2008 A Bonds"), (collectively, hereinafter be referred to as the "Prior Bonds"). The Series 1986 A Bonds, Series 1990 A Bonds, Series 1995 Bonds, Series 2003 A Bonds, Series 2003 B Bonds and Series 2008 A Bonds (collectively, the "First Lien Bonds") are payable from and secured by a first lien on the Net Revenues (as hereinafter defined) of the System. The Series 1986 B Bonds and Series 1990 B Bonds (collectively, the "Second Lien Bonds") are secured by a junior and subordinate lien on the Net Revenues of the System.

The Series 2010 A Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects. Prior to the issuance of the Series 2010 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2010 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2010 A Bonds on a senior and prior basis to the Second Lien Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

H. The estimated revenues to be derived in each year from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2010 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the Project, the Contract and the System and issuance of the Series 2010 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the West Virginia Infrastructure and Jobs Development Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2010 A Bonds or such final order will not be subject to appeal.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

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

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

"Act" means, collectively, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2010 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority.

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

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

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

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

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2010 A Bonds for the proceeds or at least a de minimis portion thereof representing the purchase price of the Series 2010 A Bonds from the Authority.

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

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

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

"Contract" means the contract for preconstruction engineering services for the Project by and between the Issuer and the Consulting Engineers.

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

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

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

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

"First Lien Bonds" means the Series 1986 A Bonds, Series 1990 A Bonds, Series 1995 Bonds, Series 2003 A Bonds, Series 2003 B Bonds and Series 2008 A Bonds.

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

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

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

"Gross Revenues" shall mean all rates, rents, fees, charges or other income (including, without limitation, sale proceeds and interest or other income derived from the investment of the funds and accounts established hereunder) received by or accrued to the Issuer from the operation of the System, as calculated in accordance with generally accepted accounting practices.

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

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

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

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered, by and between the Issuer and the Authority, providing for the purchase of the Series 2010 A Bonds, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2010 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2010 A Bonds Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2010 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses", unless qualified, shall mean 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 practices.

"Operation and Maintenance Fund" means the Operation and Maintenance Fund created by Prior Resolution.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2010 A Bonds in the Supplemental Resolution.

"Prior Bonds" means the Issuer's Series 1986 A Bonds, Series 1986 B Bonds, Series 1990 A Bonds, Series 1990 B Bonds, Series 1995 Bonds, Series 2003 A Bonds, Series 2003 B Bonds and Series 2008 A Bonds as described in Section 1.02G hereof and defined in this Section.

"Prior Resolution" means, collectively, the Resolutions authorizing the Prior Bonds.

"Project" means the Project as described in Section 1.02(B) hereof.

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

(a) Government Obligations;

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

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

(d) Any bond, debenture, note, participation certificate or other similar obligations issued by the Federal National Mortgage Association to the extent such obligation is guaranteed by the Government National Mortgage

Association or issued by any other federal agency and backed by the full faith and credit of the United States of America;

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Treasury Investments pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

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

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

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

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

"Reserve Accounts" means, the respective reserve accounts established for the Series 2010 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amount required to be on deposit in the Reserve Accounts for the Series 2010 A Bonds and the Prior Bonds.

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

"Second Lien Bonds" means the Series 1986 B Bonds and Series 1990 B Bonds.

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

"Series 1986 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771, under its prior name Grant-Union Public Service District.

"Series 1990 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908, under its prior name Grant-Union Public Service District.

"Series 1995 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated April 18, 1995, issued in the original aggregate principal amount of $432,000, assumed as a result of a merger with Mount Clare Road Public Service District.

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387, under its prior name Grant-Union Public Service District.

"Series 1990 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,342, under its prior name Grant-Union Public Service District.

"Series 2003 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated June 26, 2003, issued in the original aggregate principal amount of $1,981,165.

"Series 2003 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), dated June 26, 2003, issued in the original aggregate principal amount of $4,130,000.

"Series 2008 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated October 27, 2008, issued in the original aggregate principal amount of $943,506.

"Series 2010 A Bonds" means the Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), authorized to be issued hereby.

"Series 2010 A Bonds Project Fund" means the Series 2010 A Bonds Project Fund established by Section 5.01 hereof.

"Series 2010 A Bonds Reserve Account" means the Series 2010 A Bonds Reserve Account established pursuant to Section 5.02 hereof.

"Series 2010 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2010 A Bonds in the then current or any succeeding year.

"Series 2010 A Bonds Sinking Fund" means the Series 2010 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective sinking funds established for the Series 2010 A Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2010 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2010 A Bonds, and not so included, may be included in another Supplemental Resolution.

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

"System" means the complete public sewerage system of the Issuer, as presently existing in its entirety or any integral part thereof, and all sewerage facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the sewerage system; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the sewerage system from any sources whatsoever.

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

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.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OFTHE PROJECT AND APPROVAL OF THE LOAN AGREEMENT

Section 2.01. Authorization of the Undertaking of the Project. There is hereby authorized and ordered the undertaking of the Project, at an estimated cost of $1,757,000. The proceeds of the Series 2010 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer is hereby authorized and directed to enter into the Contract with the Consulting Engineers.

The cost of the Project is estimated to be $1,757,000 of which $878,500 will be obtained from the proceeds of the Series 2010 A Bonds and $878,500 will be deferred from the Issuer.

Section 2.02. Approval of Loan Agreement. The Loan Agreement, including all schedules and exhibits attached thereto, is hereby approved and incorporated in this Resolution. The Bonds shall be sold to the Authority pursuant to the terms and conditions of the Loan Agreement.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2010 A Bonds, funding reserve accounts for the Series 2010 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2010 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2010 A Bonds of the Issuer. The Series 2010 A Bonds shall be issued in a single series, designated as "Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority)" in the principal amount of not more than $878,500, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2010 A Bonds remaining after funding of the Series 2010 A Bonds Reserve Account (if funded from Bond proceeds) and capitalization of interest on the Series 2010 A Bonds, if any, shall be deposited in or credited to the Series 2010 A Bonds Project Fund, established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2010 A Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2010 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2010 A Bonds, if any, shall be paid by check or draft of the Paying Agent, or

its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2010 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2010 A Bonds. The Series 2010 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2010 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2010 A Bonds shall cease to be such officer of the Issuer before the Series 2010 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2010 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2010 A Bonds shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bonds, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bonds shall be conclusive evidence that such Bonds have been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on the Series 2010 A Bonds shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2010 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2010 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that said Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2010 A Bonds remain outstanding, the Issuer, through the Bond Registrar or its agent, shall keep and maintain books for the registration and transfer of such Bonds.

The registered Series 2010 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2010 A Bonds or transferring the registered Bonds are exercised, Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Bonds or, in the case of any proposed redemption of Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2010 A Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be canceled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No Holder or Holders of the Series 2010 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2010 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2010 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of

the First Lien Bonds and senior and prior to the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2010 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2010 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2010 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2010 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate, register, and deliver the Series 2010 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2010 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2010 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Remainder of Page Intentionally Blank]

(FORM OF SERIES 2010 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $878,500

KNOW ALL MEN BY THESE PRESENTS: That on the ___ day of _____, 2010, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of EIGHT HUNDRED SEVENTY-EIGHT THOUSAND FIVE HUNDRED DOLLARS ($878,500), or such lesser amount as shall have been advanced to the Issuer hereunder, and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2010 A Bonds shall be dated the date hereof, and shall finally mature _____1, 20___ . Interest shall commence on the date of closing on the amounts advanced and outstanding, payable quarterly on March 1, June 1, September 1 and December 1 of each year in arrears at the rate of 3.0% per annum, with the first payment due on _____1, 20__ . Commencing _____1, 20__, interest accrues at the rate of 5.0 % per annum, payable quarterly and the principal shall be payable quarterly, with all principal and interest not theretofore paid being due and payable March 1, June 1, September 1 and December 1 commencing _____ 1, 20__ , to and including _____, 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 2010.

This Bond is issued (i) to temporarily pay a portion of the costs of design of certain extensions, additions, betterments and improvements to the existing sewerage facilities of the Issuer (the design of the aforementioned improvements and extensions is herein referred to as the "Project", and the existing public sewerage system of the Issuer, together with any further additions, betterments and improvements thereto, including those

contemplated by the Project, are collectively referred to as the "System"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2010, and a Supplemental Resolution duly adopted by the Issuer on _____, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S:

(I) SEWER REVENUE BONDS, SERIES 1986 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771, UNDER ITS PRIOR NAME GRANT-UNION PUBLIC SERVICE DISTRICT (THE "SERIES 1986 A BONDS");

(II) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $285,908, UNDER ITS PRIOR NAME GRANT-UNION PUBLIC SERVICE DISTRICT (THE "SERIES 1990 A BONDS");

(III) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 18, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $432,000, ASSUMED AS A RESULT OF A MERGER WITH MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT (THE "SERIES 1995 BONDS");

(IV) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 26, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,981,165 (THE "SERIES 2003 A BONDS");

(V) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 26, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,130,000 (THE "SERIES 2003 B BONDS"); AND

(VI) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 27, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $943,506 (THE "SERIES 2008 A BONDS"), (COLLECTIVELY, THE "FIRST LIEN BONDS");

AND SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S:

(I) SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387, UNDER ITS PRIOR NAME GRANT-UNION PUBLIC SERVICE DISTRICT (THE "SERIES 1986 B BONDS"); AND

(II) SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,342, UNDER ITS PRIOR NAME GRANT-UNION PUBLIC SERVICE DISTRICT (THE "SERIES 1990 B BONDS"), (COLLECTIVELY, THE "SECOND LIEN BONDS"). THE FIRST LIEN BONDS AND SECOND LIEN BONDS ARE COLLECTIVELY, THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Second Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2010 A Bonds Reserve Account") and from unexpended proceeds of the Bonds. Such 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.

This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues, including the Prior Bonds; provided however, that so long as there exists in the Series 2010 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding secured by a lien or payable from such revenues, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of the Registrar by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this

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

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

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

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2010 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Reserve Fund for the Series 1995 Bonds (established by Prior Resolution);

(4) Depreciation Reserve (established by Prior Resolution); and

(3) Series 2010 A Bonds Project Fund.

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

(1) Series 1986 A Bonds Sinking Fund (established by Prior Resolution);

(2) Series 1986 A Bonds Reserve Account (established by Prior Resolution);

(3) Series 1986 B Bonds Sinking Fund (established by Prior Resolution);

(4) Series 1986 B Bonds Reserve Account (established by Prior Resolution);

(5) Series 1990 A Bonds Sinking Fund (established by Prior Resolution);

(6) Series 1990 A Bonds Reserve Account (established by Prior Resolution);

(7) Series 1990 B Bonds Sinking Fund (established by Prior Resolution);

(8) Series 1990 B Bonds Reserve Account (established by Prior Resolution);

(9) Series 2003 A Bonds Sinking Fund (established by Prior Resolution);

(10) Series 2003 A Bonds Reserve Account (established by Prior Resolution);

(11) Series 2003 B Bonds Sinking Fund (established by Prior Resolution);

(12) Series 2003 B Bonds Reserve Account (established by Prior Resolution);

(13) Series 2008 A Bonds Sinking Fund (established by Prior Resolution);

(14) Series 2008 A Bonds Reserve Account (established by Prior Resolution);

(15) Series 2010 A Bonds Sinking Fund; and

(16) Series 2010 A Bonds Reserve Account.

Section 5.03. System Revenues; Flow of Funds.

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 Bond Legislation and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner herein provided. All monies in the Revenue Fund shall be disposed of only in the following order of priority:

(1) The Issuer shall first, each month, transfer from the Revenue Fund to the Operation and Maintenance Fund the

amount necessary and sufficient to pay the current Operating Expenses of the System.

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund (i) to the National Finance Office the amount required by the Prior Resolution to make the interest payments on the Series 1995 Bonds; (ii) to the Commission the amounts required by Prior Resolution to make interest payments on the Series 1986 A Bonds and Series 1990 A Bonds; and (iii) to the Commission commencing 4 months prior to the first date of payment of interest on the Series 2010 A Bonds for which interest has not been capitalized or as required in the Loan Agreement, for deposit in the Series 2010 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of interest which will become due on the Series 2010 A Bonds on the next ensuing quarterly interest payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next quarterly interest payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the National Finance Office the amount required by Prior Resolution to pay the principal on the Series 1995 Bonds; (ii) to the Commission the amount required by the Prior Resolution to pay the principal of the Series 1986 A Bonds, Series 1990 A Bonds, Series 2003 A Bonds, Series 2003 B Bonds and Series 2008 A Bonds; and (iii) to the Commission commencing 4 months prior to the first date of payment of principal of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2010 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2010 A Bonds Sinking Fund and the next quarterly principal payment date is less than 4 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit (i) to the Depository Bank the amount required by Prior Resolution for deposit in the Reserve Fund for the Series 1995 Bonds; (ii) to the Commission the amounts required by the Prior Resolution to be deposited in the respective Reserve Accounts for the Series 1989 A Bonds, Series 1990 A Bonds, Series 2003 A Bonds, Series 2003 B Bonds and Series 2008 A Bonds; and (iii) commencing 4 months

prior to the first date of payment of principal of the Series 2010 A Bonds, if not fully funded upon issuance of the Series 2010 A Bonds, for deposit in the Series 2010 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2010 A Bonds Reserve Requirement, until the amount in the Series 2010 A Bonds Reserve Account equals the Series 2010 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2010 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2010 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank (i) for deposit in the Depreciation Reserve the amount required by Prior Resolution and (ii) for deposit in the Renewal and Replacement Fund, a sum equal to 2 ½% of the Gross Revenues each month (as previously set forth in the Prior Resolution and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and to the Commission the amount required by the Prior Resolution to pay the principal of the Series 1986 B Bonds and Series 1990 B Bonds.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund and the Series 1990 B Bonds Reserve Account, the amounts required by the Prior Resolution.

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

Monies in the Series 2010 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2010 A Bonds as the same

shall become due. Monies in the Series 2010 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2010 A Bonds as the same shall come due, when other monies in the Series 2010 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during the Project, be deposited in the Series 2010 A Bonds Project Fund, and following completion of the Project, shall be deposited in the Revenue Fund and applied in full, first to the next ensuing interest payment, if any, due on the Series 2010 A Bonds, and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2010 A Bonds Reserve Account which result in a reduction in the balance therein to below the Series 2010 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2010 A 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 maturity and to accumulate a balance in the respective reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2010 A Bonds Sinking Fund or the Series 2010 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2010 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Interest, principal or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the First Lien Bonds and the Series 2010 A Bonds, in accordance with the respective principal amounts then Outstanding, and senior and prior to the Second Lien Bonds.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. The Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2010 A Bonds, under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve payments with respect to the Series 2010 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

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

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

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

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

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

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2010 A Bonds Project Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2010 A Bonds, the following amount shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2010 A Bonds, there shall first be deposited with the Commission in the Series 2010 A Bonds Sinking Fund the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2010 A Bonds for the period commencing on the date of issuance of the Series 2010 A Bonds and ending 6 months after the estimated date of completion of the Project.

B. Next, from the proceeds of the Series 2010 A Bonds, there shall be deposited with the Commission in the Series 2010 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2010 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2010 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2010 A Bonds Project Fund and applied solely to payment of the costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2010 A Bonds.

D. After completion of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2010 A Bonds shall be applied as directed by the Authority.

Section 6.02. Disbursements From the Bond Project Funds. The Issuer shall each month provide the Authority with a requisition for the costs incurred for the Project, together with such documentation as the Authority shall require. Except as provided in Section 6.01 hereof, disbursements from the Series 2010 A Bonds Project Fund shall be made only after submission to, and approval from, the Authority of a certificate, signed by an Authorized Officer stating that:

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

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

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

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

Pending such application, monies in the Series 2010 A Bonds Project Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

The Issuer shall expend all proceeds of the Series 2010 A Bonds within 3 years of the date of issuance of the Authority's Bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2010 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2010 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2010 A Bonds shall not be nor constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of the Series 2010 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2010 A Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2010 A Bonds shall be secured forthwith equally and ratably by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds and senior and prior to the lien on such Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2010 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision dated August 19, 2008 which became Final Order on September 8, 2008 of the Public Service Commission of West Virginia, in Case No.08-0077-PSD-PC-CN, and such rates are hereby adopted.

So long as the Series 2010 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to

take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2010 A Bonds shall prove to be insufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement, the Issuer hereby covenants and agrees that it will, to the extent or in the manner authorized by law, immediately adjust and increase such schedule of rates, fees and charges and take all such actions necessary to provide funds sufficient to produce the required sums set forth in this Bond Legislation and the Loan Agreement.

Section 7.05. Sale of the System. So long as the Prior Bonds are outstanding, the 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 2010 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2010 A Bonds, immediately be remitted to the Commission for deposit in the Series 2010 A Bonds Sinking Fund, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2010 A Bonds. Any balance remaining after the payment of the Series 2010 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund and the Sinking Funds shall not reduce the amount required to be paid into such accounts by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all

Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided for in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2010 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2010 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, and source of and security for payment from such revenues and in all other respects, to the Series 2010 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts established by this Bond Legislation have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2010 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2010 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2010 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and without complying with the conditions and requirements herein provided (unless less restrictive then the provisions of the Prior Resolution).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2010 A Bonds.

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

So long as the Series 1995 Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds

are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1995 Bonds, representing 75% of the then-outstanding principal indebtedness.

So long as the Series 1986 A Bonds, Series 1992 A Bonds, Series 2003 A Bonds, Series 2003 B Bonds, Series 2008 A Bonds or Series 2010 A Bonds are outstanding, no Parity Bonds shall be issued at any time, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues expected to be received in each of the 3 succeeding years after the completion of the improvements to be financed by such Parity Bonds, if any, shall not be less than 115% of the largest aggregate amount that will mature and become due in any succeeding Fiscal Year for principal of and interest, if any, on the following:

(1) The Bonds then Outstanding; and

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

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

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2010 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2010 A Bonds.

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

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

The Issuer shall permit the Authority, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of the Project, or, at any reasonable time following commencement of the Project.

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

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner

and on the forms, books and other bookkeeping records as prescribed by the 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 the Issuer shall direct.

The Issuer shall file with the Authority, or any other original purchaser of the Series 2010 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2010 A Bonds, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2010 A Bonds, and shall submit said report to the Authority, or any other original purchaser of the Series 2010 A Bonds. Such audit report submitted to the Authority shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

Section 7.09. Rates. Prior to the issuance of the Series 2010 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii)

to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the Reserve Requirements are on deposit in the Series 2010 A Bonds Reserve Account and the reserve accounts for all obligations secured by a lien on or payable from such Net Revenues, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2010 A Bonds and all other obligations secured by a lien on or payable from such revenues, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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

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

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

construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

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

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

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

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, 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 water 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 either System until all billing for charges for the services and facilities of the System, plus reasonable interest and penalty charges for the restoration of service, has been fully paid. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

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

employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. The Issuer hereby covenants and agrees that so long as the Series 2010 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund.

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

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR.

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

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

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

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service

Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders. The Issuer shall complete the Project as promptly as possible and operate and maintain the System as a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards. The Issuer shall take all steps to properly operate and maintain the System and make the necessary replacements due to normal wear and tear so long as the Series 2010 A Bonds are outstanding.

The Issuer has obtained all permits required by state and federal laws for the undertaking of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the undertaking of the Project and the operation of the System and all approvals for issuance of the Series 2010 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to such effect.

Section 7.18. [RESERVED].

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2010 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2010 A Bonds and shall be on a parity with the statutory mortgage lien in favor of the Holders of the First Lien Bonds and senior and prior to the Second Lien Bonds.

Section 7.20. Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act.

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

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

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

Section 7.22. Contracts; Public Releases.

A. The Issuer shall, simultaneously with the delivery of the Series 2010 A Bonds or immediately thereafter, enter into a contract with the Consulting Engineer for the immediate undertaking of the Project.

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

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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

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

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2010 A Bonds are Outstanding and as long thereafter as necessary to comply with the Code and assure the exclusion of interest, if any, on the Series 2010 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to the Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2010 A Bonds as a condition to issuance of the Series 2010 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2010 A Bonds as governmental

bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2010 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code; issued by the Authority from which the proceeds of the Series 2010 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2010 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2010 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2010 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2010 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2010 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar, or Paying Agent, or any other Paying Agent or a Holder of a Bond; or

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

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

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

Owners; provided that, all rights and remedies of the holders of the Series 2010 A Bonds shall be on a parity with the holders of the First Lien Bonds and senior and prior to the Second Lien Bonds.

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

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

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

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

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

court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT AND DEFEASANCE OF BONDS

Section 10.01. Defeasance of Series 2010 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all of the Series 2010 A Bonds the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2010 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest on the Series 2010 A Bonds from gross income for federal income tax purposes.

Series 2010 A Bonds for the payment of which either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with the monies, if any, deposited with the Paying Agent at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 2010 A Bonds shall be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section. All Series 2010 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, either monies in an amount which shall be sufficient, or securities the principal of and the interest on which, when due, will provide monies which, together with other monies, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 2010 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor monies deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 2010 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2010 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2010 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2010 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2010 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest, if any, thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2010 A Bonds from gross income of the holders thereof.

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

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2010 A Bonds.

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

Section 11.05. Conflicting Provisions Repealed; Prior Resolution. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed; provided that, in the event of any conflict between this Bond Legislation and the Prior Resolution, the Prior Resolution shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

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

Adopted this 16th day of June, 2010.

Chairman

05.20.10
352650.00007

CH5101190

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT on the 16th day of June, 2010.

Dated: June 24, 2010.

[SEAL]

Secretary

EXHIBIT A

Loan Agreement included in bond transcript as Document 3.

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

BOND RESOLUTION

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution
Section 1.02. Findings
Section 1.03. Bond Legislation Constitutes Contract
Section 1.04. Definitions

ARTICLE II
CONSTRUCTION OF THE PROJECT
AND APPROVAL OF LOAN AGREEMENT

Section 2.01. Authorization of the Undertaking of the Project
Section 2.02 Approval of Loan Agreement

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

Section 3.01. Authorization of Bonds
Section 3.02. Terms of Bonds
Section 3.03. Execution of Bonds
Section 3.04. Authentication and Registration
Section 3.05. Negotiability, Transfer and Registration
Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07. Bonds not to be Indebtedness of the Issuer
Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with respect to Prior Bonds
Section 3.09. Delivery of Bonds
Section 3.10. Form of Bonds
Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement

ARTICLE IV

[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank
Section 5.02. Establishment of Funds and Accounts with Commission
Section 5.03. System Revenues; Flow of Funds

ARTICLE VI
BOND PROCEEDS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02. Disbursements from the Bond Project Funds

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer
Section 7.02. Bonds not to be Indebtedness of the Issuer
Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds
Section 7.04. Initial Schedule of Rates and Charges
Section 7.05. Sale of the System
Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07. Parity Bonds
Section 7.08. Books; Records and Audit
Section 7.09. Rates
Section 7.10. Operating Budget and Monthly Financial Report
Section 7.11. Engineering Services and Operating Personnel
Section 7.12. No Competing Franchise
Section 7.13. Enforcement of Collections
Section 7.14. No Free Services
Section 7.15. Insurance and Construction Bonds
Section 7.16. Mandatory Connections
Section 7.17. Completion, Operation and Maintenance of Project; Permits and Orders
Section 7.18. Reserved
Section 7.19. Statutory Mortgage Lien
Section 7.20 Compliance with Loan Agreement and Law
Section 7.21. Securities Laws Compliance
Section 7.22 Contracts; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01. Investments
Section 8.02 Certificate as to Use of Proceeds; Covenants as to Use of Proceeds

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01. Events of Default
Section 9.02. Remedies
Section 9.03. Appointment of Receiver

ARTICLE X
PAYMENT OF BONDS

Section 10.01. Payment of Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation
Section 11.02. Bond Legislation Constitutes Contract
Section 11.03. Severability of Invalid Provisions
Section 11.04. Headings, Etc.
Section 11.05. Conflicting Provisions Repealed; Prior Resolutions
Section 11.06. Covenant of Due Procedure, Etc.
Section 11.07. Effective Date

SIGNATURES
CERTIFICATION
EXHIBIT A

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE BONDS; AUTHORIZING AND APPROVING THE SALE OF THE BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Greater Harrison County Public Service District (the "Issuer") has duly and officially adopted a bond resolution, effective June 16, 2010 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE FACILITIES OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $878,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION

AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of the Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority) (the "Series 2010 A Bonds"), in the principal amount not to exceed $878,500, and has authorized the execution and delivery of the loan agreement relating to the Series 2010 A Bonds, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, date, maturity date, redemption provision, interest rate, interest and principal payment dates, sale prices and other terms of the Series 2010 A Bonds should be established by a supplemental resolution pertaining to the Series 2010 A Bonds; and that other matters relating to the Series 2010 A Bonds be herein provided for;

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

WHEREAS, the Series 2010 A Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amount, the date, the maturity date, the redemption provision, the interest rate, the interest and principal payment dates, the sale price and other terms of the Series 2010 A Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Series 2010 A Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer: Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), of the Issuer, originally represented by a single Bond, number AR-1, in the principal amount of $878,500. The Series 2010 A Bonds shall be dated the date of delivery thereof, and shall finally mature October 1, 2030. Interest

shall commence on the date of closing on the amounts advanced and outstanding, payable quarterly on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3.0% per annum, with the first payment due on October 1, 2010. Commencing July 1, 2012, interest accrues at the rate of 5.0% per annum, payable quarterly and the principal shall be payable quarterly, with all principal and interest not theretofore paid being due and payable January 1, March 1, July 1 and October 1 commencing October 1, 2012, to and including October 1, 2030, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2010 A Bonds. The Series 2010 A Bonds shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2010 A Bonds.

Section 2. All other provisions relating to the Series 2010 A Bonds and the text of the Series 2010 A Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, including all schedules and exhibits attached thereto, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the application to the Authority. The price of the Series 2010 A Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Series 2010 A Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Series 2010 A Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Series 2010 A Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Harrison County Bank, West Milford, West Virginia to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2010 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2010 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2010 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2010 A Bonds, as advanced from time to time, shall be deposited in or credited to the Series 2010 A Bonds Project Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Series 2010 A Bonds and related costs.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Series 2010 A Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Series 2010 A Bonds may be delivered on or about June 24, 2010, to the Authority pursuant to the Loan Agreement.

Section 11. The Project and the financing thereof, in part with proceeds of the Series 2010 A Bonds, is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all monies in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such monies to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Monies in the Series 2010 A Bonds Sinking Funds and the Series 2010 A Bonds Reserve Accounts shall be invested by the Commission in the West Virginia "Consolidated Fund" managed by the West Virginia Board of Treasury Investments.

Section 13. The Issuer hereby approves and accepts the Contract between the Issuer and Consulting Engineers for the preconstruction engineering services for the Project. The Chairperson is hereby authorized and directed to execute and deliver all such contracts.

Section 14. The Issuer shall not permit at any time or times any of the proceeds of the Series 2010 A 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 2010 A Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder or under any predecessor thereto (the "Code"), by reason of the classification of the Series 2010 A Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

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

[Remainder of Page Intentionally Left Blank]

Adopted this 16th day of June, 2010.

GREATER HARRISON COUNTY PUBLIC
SERVICE DISTRICT

By: _____
Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Greater Harrison County Public Service District on this 16th day of June, 2010.

Dated: June 24, 2010.

[SEAL]

Secretary

06.10.10
352650.00007

CH5101191

WDA-SF
(08/09)

LOAN AGREEMENT

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

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT (2007D-1010)
(Governmental Agency)

W I T N E S S E T H:

WHEREAS, pursuant to the provisions of Chapter 22C, Article 1 of the Code of West Virginia, 1931, as amended (the "Act"), the Authority is empowered to make loans to governmental agencies for the acquisition or construction of water development projects by such governmental agencies, subject to such provisions and limitations as are contained in the Act;

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

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

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

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

WHEREAS, having reviewed the Application and made all findings required by Section 5 of the Act and having available sufficient funds therefor, the Authority is willing to lend the Governmental Agency the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Governmental Agency with money in the Supplemental Fund of the Authority, subject to the Governmental Agency's satisfaction of certain legal and other requirements of the Authority's water development loan program (the "Program") as hereinafter set forth.

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

ARTICLE I

Definitions

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

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

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

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

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

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

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

1.8 "Project" means the water development project hereinabove referred to, to be constructed or being constructed by the Governmental Agency in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Governmental Agency in whole or in part with the proceeds of bond anticipation notes or other interim financing, which is to be paid in whole or in part with the net proceeds of the Local Bonds.

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

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

ARTICLE II

The Project and the System

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

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

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

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

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

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

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

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

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

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

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

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

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

2.13 The Governmental Agency shall perform an annual maintenance audit which maintenance audit shall be submitted to the WDA and the Public Service Commission of West Virginia.

ARTICLE III

Conditions to Loan;
Issuance of Local Bonds

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

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

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

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

(d) No Loan shall be made for the purpose of refinancing any outstanding long-term indebtedness of a Governmental Agency unless an opinion of counsel is received by the Authority to the effect that such refinancing is permitted by the Act;

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

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

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

(h) The Governmental Agency shall have obtained any and all approvals of rates and charges required by State law and shall have taken any other action required to establish and impose such rates and charges (imposition of such rates and charges is not, however, required to be effective until completion of construction of the Project), with all requisite appeal periods having expired without successful appeal, and the Authority shall have received an opinion of counsel to the Governmental Agency, which may be local counsel to the Governmental Agency, bond counsel or special PSC counsel but must be satisfactory to the Authority, to such effect;

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

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

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

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

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

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

ARTICLE IV

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

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

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

(i) to pay Operating Expenses of the System;

(ii) to the extent not otherwise limited by any outstanding loan resolution, indenture or other act or document, as reflected on the Schedule X attached hereto, and beginning seven (7) months prior to the first date of payment of interest on the Local Bonds and thirteen (13) months prior to the first date of payment of principal of the Local Bonds, respectively, to provide debt service on the Local Bonds by depositing in a sinking fund one-sixth (1/6) of the interest payment next coming due on the Local Bonds and one-twelfth (1/12) of the principal payment next coming due on the Local Bonds and, beginning thirteen (13) months prior to the first date of payment of principal of the Local Bonds, if the reserve account for the Local Bonds (the "Reserve Account") was not funded from proceeds of the Local Bonds or otherwise concurrently with the issuance thereof (which, with an approving opinion of bond counsel to the Governmental Agency, may be with a letter of credit or surety or other security instrument) in an amount equal to the maximum amount of principal and interest which will come due on the Local Bonds in the then current or any succeeding year (the "Reserve Requirement"), by depositing in the Reserve Account an amount not less than one-twelfth (1/12) of one-tenth (1/10) (or such other amount as shall be acceptable to the Authority and as shall fund the Reserve Account over not more than ten (10) years) of the Reserve Requirement or, if the Reserve Account has been so funded (whether by Local Bond proceeds, monthly deposits or otherwise), any amount necessary to maintain the Reserve Account at the Reserve Requirement;

(iii) to create a renewal and replacement, or similar, fund in an amount equal to two and one-half percent (2-1/2%) of the gross revenues from the System,

exclusive of any payments into the Reserve Account, for the purpose of improving or making emergency repairs or replacements to the System or eliminating any deficiencies in the Reserve Account; and

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

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

(b) Covenants substantially as follows:

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

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

(iii) That the Governmental Agency shall complete the Project, shall operate and maintain the System in good condition and, to the extent applicable, in compliance with, among other state and federal standards, the water quality standards established by the West Virginia Bureau for Public Health (the "BPH"), the West Virginia Department of Environmental Protection (the "DEP") and the United States Environmental Protection Agency (the "EPA"), shall permit the BPH, the DEP and EPA to have access to the records of the Governmental Agency pertaining to the operation and maintenance of the System at any reasonable time following completion of construction of the Project and commencement of operation thereof, and shall, as a condition precedent to the Authority's making the Loan, have obtained, among other permits required, permits from the BPH, the DEP and the EPA, if required;

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

(v) That the Governmental Agency shall not issue any other obligations payable from the revenues of the System which rank prior to, or equally, as to lien and security with the Local Bonds, except parity bonds which shall only be issued if net revenues of the System prior to issuance of such parity bonds, plus reasonably projected revenues from rate increases and the improvements to be financed by such parity bonds, shall not be less than one hundred fifteen percent (115%) of the maximum debt service in any succeeding year on all Local Bonds and parity bonds theretofore and then being issued and on any obligations secured by a lien on or payable from the revenues of the System prior to the Local Bonds and with the prior written consent of the Authority; provided, however, that additional parity bonds may be issued to complete the Project, as described in the Application as of the date hereof, without regard to the foregoing;

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

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

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

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

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

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

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

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

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

(xv) That, as long as the Authority is the owner of any of the Local Bonds, the Governmental Agency shall not authorize redemption of any Local Bonds by it without the written consent of the Authority and except in compliance with the restrictions contained in this Loan Agreement;

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

the water facility is not owned by the Governmental Agency, then the Governmental Agency shall enter into a termination agreement with the water provider;

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

(xviii) That the Governmental Agency shall provide the Authority with annual financial information and such other information as is necessary for the Authority to meet its ongoing disclosure requirements;

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

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

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

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

(xxiii) That the Governmental Agency shall furnish to the Authority such information with respect to earnings on all funds constituting "gross proceeds" of the Local Bonds (as that term is defined in the Internal Revenue Code of 1986, as amended) from time to time as the Authority may request, or, if applicable, the Governmental Agency shall annually furnish to the Authority such information with respect to the Governmental Agency's use of the proceeds of the Local Bonds and any additional information requested by the Authority;

(xxiv) That the Governmental Agency shall obtain the written approval of the Authority before expending any proceeds of the Local Bonds available due to bid/construction/project underruns, including the "contingency" as set forth in the final Schedule A attached to the certificate of the Consulting Engineers;

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

(xxvi) That, to the extent required by law, the Governmental Agency shall secure the approval of the Authority and all other state agencies having jurisdiction before applying for federal assistance for pollution abatement in order to maximize the amounts of such federal financial assistance received or to be received for all water development projects in the State of West Virginia;

(xxvii) That, as a condition precedent to the Authority's making the Loan, the Governmental Agency shall deliver to the Authority a tax and non-arbitrage certificate or a certificate with respect to the used of proceeds of the Local Bonds satisfactory to the Authority; and

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

certificates and certified payrolls or comparable documents that include the number of employees, the county and state wherein the employees reside and their occupation, following the procedures established by the DOL.

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

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

4.3 The principal payments of the Loan shall be made by the Commission annually on the days and in the years provided in Schedule X hereto. The interest payments on the Loan shall be made by the Commission semiannually as provided in said Schedule X.

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

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

4.6 As long as the Authority is the owner of any of the Local Bonds outstanding, the Governmental Agency shall not redeem any of such Local Bonds outstanding without the written consent of the Authority.

ARTICLE V

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

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

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

5.3 In the event the Governmental Agency defaults in any payment to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, plus 2%, from the date of the default until the date of the payment thereof. The defaulted interest shall be paid from the first deposits made by the Governmental Agency to the Commission.

5.4 The Governmental Agency hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Governmental Agency, the Authority may exercise any or all of the rights and powers granted under Section 7 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the Governmental Agency

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

6.2 The Governmental Agency hereby warrants and represents that all information provided to the Authority in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority shall have the right to cancel all or any of its obligations under this Loan Agreement if (a) any representation made to the Authority by the Governmental Agency in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Governmental Agency has violated any commitment made by it in its Application or in any supporting documentation or has violated any of the terms of the Act or this Loan Agreement.

6.3 The Governmental Agency hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority for the planning or design of the Project, and such repayment shall be a condition precedent to the Authority's making the Loan.

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

6.5 Notwithstanding Section 6.4, the Authority may at any time, in its sole discretion, cause the rebate calculations prepared by or on behalf of the Governmental Agency to be monitored or cause the rebate calculations for the Governmental Agency to be prepared, in either case at the expense of the Governmental Agency.

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

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

ARTICLE VII

Miscellaneous

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

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

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

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

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

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

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

7.8 This Loan Agreement shall terminate upon the earlier of:

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

(ii) termination by the Authority pursuant to Section 6.3 hereof; or

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

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

GREATER HARRISON COUNTY
PUBLIC SERVICE DISTRICT

(SEAL)

By: _____
Its: Chairman
Date: June 24, 2010

Attest:

_____
Its: Secretary

WEST VIRGINIA WATER
DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: June 24, 2010

Attest:

_____
Its: Secretary-Treasurer

{C1791607.1}

EXHIBIT A

FORM OF CERTIFICATE OF CONSULTING ENGINEER

_____
(Issuer)

_____
(Name of Bonds)

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

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

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by [DEP/BPH/PSC] and any change orders approved by the Issuer, the Council and all necessary governmental bodies; (ii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least ___years if properly operated and maintained, excepting anticipated replacements due to normal wear and tear; (iii) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and my firm[1] has ascertained that all

[1]If another responsible party, such as the Issuer's attorney, reviews the insurance and payment bonds, then insert the following: [and in reliance upon the opinion of _____,

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

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

[SEAL]

_____

By: _____
West Virginia License No. _____

Esq.] and delete "my firm has ascertained that".

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

EXHIBIT B

OPINION OF BOND COUNSEL FOR GOVERNMENTAL AGENCY

[To Be Dated as of Date of Loan Closing]

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

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

Ladies and Gentlemen:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Very truly yours,

EXHIBIT C

MONTHLY FINANCIAL REPORT

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

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

_____
Name of Person Completing Form

_____
Address

_____
Telephone

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT

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

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

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

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

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

EXHIBIT D

MONTHLY PAYMENT FORM

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

Re: [Name of bond issue]

Ladies and Gentlemen:

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

Sinking Fund:

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

Witness my signature this ___ day of_____.

[Name of Governmental Agency]

By: _____
Authorized Officer

Enclosure: copy of check(s)

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds $878,500
Purchase Price of Local Bonds $878,500

The Local Bonds bear interest at a rate of 3% per annum on the amounts advanced thereunder for the first 24 months. Interest on the Local Bonds is payable quarterly (in arrears) commencing October 1, 2010. Commencing July 1, 2012, the Local Bonds shall bear interest at the rate of 5% per annum and principal and interest payments on the Local Bonds are payable quarterly commencing October 1, 2012. Quarterly payments will be made on January 1, April 1, July 1 and October 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

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

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

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

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

(i) Greater Harrison County Public Service District Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771, under its prior name Grant-Union Public Service District;

(ii) Greater Harrison County Public Service District Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908, under its prior name Grant-Union Public Service District;

(iii) Greater Harrison County Public Service District Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated April 18, 1995, issued in the original aggregate principal amount of $432,000, assumed as a result of a merger with Mount Clare Road Public Service District;

(iv) Greater Harrison County Public Service District Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387, under its prior name Grant-Union Public Service District;

(v) Greater Harrison County Public Service District Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,342, under its prior name Grant-Union Public Service District;

(vi) Greater Harrison County Public Service District Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated June 26, 2003, issued in the original aggregate principal amount of $1,981,165;

(vii) Greater Harrison County Public Service District Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), dated June 26, 2003, issued in the original aggregate principal amount of $4,130,000; and

(viii) Greater Harrison County Public Service District Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated October 27, 2008, issued in the original aggregate principal amount of $943,506.

NOTE: Design loan, no new customers being added with bond proceeds.

SCHEDULE Y
DEBT SERVICE SCHEDULE

Greater Harrison County PSD

IF

Dated Date	6/24/10	
Delivery Date	6/24/10	

Period Ending	Principal	Interest	Debt Service
6/24/10			
10/1/10			
1/1/11			
4/1/11			
7/1/11			
10/1/11			
1/1/12			
4/1/12			
7/1/12			
10/1/12	7,437	10,981.25	18,418.25
1/1/13	7,530	10,888.29	18,418.29
4/1/13	7,625	10,794.16	18,419.16
7/1/13	7,720	10,698.85	18,418.85
10/1/13	7,816	10,602.35	18,418.35
1/1/14	7,914	10,504.65	18,418.65
4/1/14	8,013	10,405.73	18,418.73
7/1/14	8,113	10,305.56	18,418.56
10/1/14	8,215	10,204.15	18,419.15
1/1/15	8,317	10,101.46	18,418.46
4/1/15	8,421	9,997.50	18,418.50
7/1/15	8,526	9,892.24	18,418.24
10/1/15	8,633	9,785.66	18,418.66
1/1/16	8,741	9,677.75	18,418.75
4/1/16	8,850	9,568.49	18,418.49
7/1/16	8,961	9,457.86	18,418.86
10/1/16	9,073	9,345.85	18,418.85
1/1/17	9,186	9,232.44	18,418.44
4/1/17	9,301	9,117.61	18,418.61
7/1/17	9,417	9,001.35	18,418.35
10/1/17	9,535	8,883.64	18,418.64
1/1/18	9,654	8,764.45	18,418.45
4/1/18	9,775	8,643.78	18,418.78
7/1/18	9,897	8,521.59	18,418.59
10/1/18	10,021	8,397.88	18,418.88
1/1/19	10,146	8,272.61	18,418.61
4/1/19	10,273	8,145.79	18,418.79
7/1/19	10,401	8,017.38	18,418.38
10/1/19	10,531	7,887.36	18,418.36
1/1/20	10,663	7,755.73	18,418.73
4/1/20	10,796	7,622.44	18,418.44
7/1/20	10,931	7,487.49	18,418.49
10/1/20	11,068	7,350.85	18,418.85
1/1/21	11,206	7,212.50	18,418.50
4/1/21	11,346	7,072.43	18,418.43
7/1/21	11,488	6,930.60	18,418.60
10/1/21	11,632	6,787.00	18,419.00

Greater Harrison County PSD

IF

Period Ending	Principal	Interest	Debt Service
1/1/22	11,777	6,641.60	18,418.60
4/1/22	11,924	6,494.39	18,418.39
7/1/22	12,073	6,345.34	18,418.34
10/1/22	12,224	6,194.43	18,418.43
1/1/23	12,377	6,041.63	18,418.63
4/1/23	12,532	5,886.91	18,418.91
7/1/23	12,688	5,730.26	18,418.26
10/1/23	12,847	5,571.66	18,418.66
1/1/24	13,008	5,411.08	18,419.08
4/1/24	13,170	5,248.48	18,418.48
7/1/24	13,335	5,083.85	18,418.85
10/1/24	13,502	4,917.16	18,419.16
1/1/25	13,670	4,748.39	18,418.39
4/1/25	13,841	4,577.51	18,418.51
7/1/25	14,014	4,404.50	18,418.50
10/1/25	14,189	4,229.33	18,418.33
1/1/26	14,367	4,051.96	18,418.96
4/1/26	14,546	3,872.38	18,418.38
7/1/26	14,728	3,690.55	18,418.55
10/1/26	14,912	3,506.45	18,418.45
1/1/27	15,099	3,320.05	18,419.05
4/1/27	15,287	3,131.31	18,418.31
7/1/27	15,479	2,940.23	18,419.23
10/1/27	15,672	2,746.74	18,418.74
1/1/28	15,868	2,550.84	18,418.84
4/1/28	16,066	2,352.49	18,418.49
7/1/28	16,267	2,151.66	18,418.66
10/1/28	16,470	1,948.33	18,418.33
1/1/29	16,676	1,742.45	18,418.45
4/1/29	16,885	1,534.00	18,419.00
7/1/29	17,096	1,322.94	18,418.94
10/1/29	17,310	1,109.24	18,419.24
1/1/30	17,526	892.86	18,418.86
4/1/30	17,745	673.79	18,418.79
7/1/30	17,967	451.98	18,418.98
10/1/30	18,191	227.39	18,418.39
	878,500	**519,283.34**	**1,397,783.34**

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 14th day of May 2010.

CASE NO. 09-1794-PSD-PC-42A

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
Petition for consent and approval to borrow funds for a wastewater design loan and for a rate increase to finance the loan.

COMMISSION ORDER

By this Order the Commission grants an amended District petition for approval to borrow funds to pay for engineering design and legal work precedent to an anticipated construction project.

Background

By Order issued September 11, 2009, in Case No. 09-0030-PSD-PC-42A, the Commission dismissed a petition filed by the Greater Harrison County Public Service District (District) that sought approval to borrow funds to pay for professional and land easement acquisition costs incurred in the design of its Phase II/Rt. 73 sewer project. In that case, the Commission reasoned that the District had not demonstrated the ability to make the payments required by the loan absent a rate increase and the District did not desire to pursue a rate increase.

On October 27, 2009, the District again filed a petition for consent and approval to borrow funds for the same purpose. The lender (West Virginia Water Development Authority), amount ($878,500) and terms (a 20-year term with interest at 3% for the first 24 months, increasing to 5% for the remaining term) of the loan were identical to the loan considered in Case No. 09-0030-PSD-PC-42A. The filing also included an application to increase rates by 4.4% to service the loan. The District stated that its Phase II/Rt. 73 sewer project will provide sewer service to areas of and surrounding West Virginia Route 73, Booths Creek, and Boothsville in northern Harrison, Taylor and Marion Counties. The project will eliminate private package sewer plants and provide service to currently unserved customers.

On March 8, 2010, the District filed copies of letters from its engineering firm and its legal counsel each waiving a portion of their respective professional fees in the event the project does not go to construction or to permanent financing. Specifically, Thrasher Engineering agreed to defer $528,000 of total fees of $1,249,000 until the permanent loan closing meaning that if the project did not proceed to construction, Thrasher would waive fees in excess of $721,000. The District attorney, Tom Michael, agreed that his legal services associated with the design loan would not exceed $42,500 and that he would waive all fees in excess of that amount (total legal fee budget is $85,000) if the project did not proceed to permanent financing.

On March 18, 2010, Chris Jarrett, Executive Director of the West Virginia Water Development Authority, filed a letter stating that the WVIJDC "will agree to forgive the soft costs for the $878,500 design loan" in the form of a grant, if the project did not go to construction.

On March 22, 2010, Commission Staff filed its report. The report concluded that the District does not require a rate increase during the first 24 months of the loan, but would require a 3.05% rate increase after the first 24 months. Legal Staff stated concern with the fact that as proposed, ratepayers would be responsible for over $800,000 in expenditures plus interest that may not create used and useful property if the project does not come to fruition. Staff recommended that the Commission await a definitive communication from the WVIJDC before issuing its decision in this case.

On April 15, 2010, WVIJDC filed a letter from Kenneth Lowe, WVIJDC member, stating

> The West Virginia Infrastructure and Jobs Development Council Administrative Secretary (Infrastructure Council) voted on April 7, 2010, to provide a guarantee for the $878,500 Water Development Authority design loan for the Greater Harrison County PSD sewer project. The Infrastructure Council will set aside money in the Infrastructure Fund that can be used to provide a grant to the Greater Harrison County PSD if this project does not proceed to construction within five years or such other time period as the Infrastructure Council may approve. Please be advised that the guaranteed amount cannot exceed fifty percent of the design project, and the PSD must document the total cost. Also, please be advised that the Council approved this guarantee based on the special circumstances surrounding the PSD's proposed project, and such approval should not be construed to be a change in Council policy or a precedent for future design loans.

DISCUSSION

In a number of cases the Commission has expressed concern about project design financing that could impose a significant cost burden on existing customers even if the

project under review was never certificated. In this case, a portion of the design costs will be born by the engineering and legal consultants employed by the District for the proposed project if the project does not move forward to the permanent financing stage. Likewise, a portion of the design financing will be grant funded if the proposed project does not move forward to the permanent financing stage. Based on Staff's analysis of the current costs and revenues of the District, a rate increase is not currently needed. The pre-project design and legal costs will be paid from loan monies, but in the event the anticipated project is not certificated or constructed within the time frame specified in the WVIJDC April 15, 2010 letter, then the loan will convert to a grant. Under these circumstances and in reliance on the WVIJDC commitment stated in the April 15, 2010, letter, the Commission will grant the District's petition for loan approval. The District's rate increase request included in its original October 27, 2009 petition is denied.

The Commission finds, pursuant to W. Va. Code §§ 24-2-12 and 16-13A-25 that terms and conditions of the design loan and the WVIJDC loan to grant commitment are reasonable, that no party is given an undue advantage over any other, and the transaction will not adversely affect the public in this state.

FINDINGS OF FACT

1. The District originally requested approval of a design loan in the amount of $878,500 to pay a portion of its engineering design and legal costs incurred in design and land acquisition for its planned Phase II/Rt. 73 sewer project. The District also requested an associated rate increase to service the loan. October 27, 2009 petition.

2. By letter filed on April 15, 2010, WVIJDC stated its commitment, on certain conditions, to set aside money in the Infrastructure Fund that can be used to provide a grant to the District if the Phase II/Rt. 73 project does not proceed to construction within five years or such other time period as the Infrastructure Council may approve. Letter from Kenneth Lowe, WVIJDC Member, dated April 7, 2010 and filed April 15, 2010.

CONCLUSION OF LAW

The Commission finds, pursuant to W. Va. Code §§ 24-2-12 and 16-13A-25 that the terms and conditions of the design loan and the WVIJDC loan to grant commitment are reasonable, that no party is given an undue advantage over any other, and the transaction will not adversely affect the public in this state.

ORDER

IT IS THEREFORE ORDERED that the District petition for approval to borrow $878,500 from the West Virginia Water Development Authority for a term of 20 years at an interest rate of 3% for funds advanced for the first 24 months, increasing to 5% for the remaining term of the loan, is hereby granted.

IT IS FURTHER ORDERED that in the event the anticipated Phase II/Rt. 73 sewer project does not proceed to construction within five years or such other time period as the WVIJDC may approve, the District is authorized to accept the grant committed to by the WVIJDC in the amount of $878,500.

IT IS FURTHER ORDERED that the increase in rates requested by the District is denied.

IT IS FURTHER ORDERED that upon entry hereof, this case is removed from the Commission open docket.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order by electronic service on all parties of record who have filed an e-service agreement, and by United States First Class Mail on all parties of record who have not filed an e-service agreement, and on Commission Staff by hand delivery.

A True Copy, Teste:

Sandra Squire
Executive Secretary

JML/tt
091794c.wpd

080077alj081908.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL

9/8/2008

Issued: August 19, 2008

CASE NO. 08-0077-PSD-PC-CN

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
West Milford, West Virginia 26451.

Petition for consent and approval of an agreement between the District and the City of Bridgeport whereby the City will treat the District's sewage and an application for a certificate of convenience and necessity to construct sanitary sewer upgrades and improvements in the area along Route 76 in Harrison County.

RECOMMENDED DECISION

On January 23, 2008, Greater Harrison County Public Service District (District) filed an application with the West Virginia Public Service Commission (Commission) for a certificate of convenience and necessity to construct additions and improvements to its sanitary sewer system in the area along Route 76 in Harrison County. The application stated that the proposed project will consist of a new sanitary sewer pump station and force main to transfer existing sanitary sewer flows in the Route 76 area of Harrison County to the City of Bridgeport for transmission and treatment. The project will also include some improvements to the existing collection systems in the area to address existing inflow and infiltration problems. The District also requested Commission consent and approval of an agreement proposed between the District and the City of Bridgeport whereby the City of Bridgeport will treat the District's sewage. According to the application, the District estimated that construction of the proposed project would cost approximately $943,500 and would be financed by a loan from the West Virginia Infrastructure and Jobs Development Council (WV IJDC) in the amount of $943,500, at an annual interest rate of 0%, for a term of 40 years. The District proposed a sewer rate increase of 7.4% to support the proposed project. The District has no resale customers.

A Notice of Filing order was issued by the Commission to the District on January 23, 2008, requiring the District to publish the notice one time in Harrison County. The notice described the project, the proposed rate increase and the financing and provided the public with thirty (30) days in which to submit written protest to the Commission.

An Amended Notice of Filing was issued to the District by the Commission on January 24, 2008.

By Referral Order issued by the Commission on February 6, 2008, the Commission referred this matter to the Division of Administrative Law Judges. The Commission ordered that, if no public protest to the application was filed within thirty (30) days after the required notice was provided, the Division of Administrative Law Judges was required to render the decision herein on or before June 6, 2008. If public protest was received during the thirty (30) day public protest period, the decision had to be issued on or before August 20, 2008.

On February 7, 2008, additional technical information pertaining to the District's certificate application was filed by the District's engineering consultant, Thrasher Engineering.

On February 11, 2008, the District filed an affidavit of publication from *The Exponent Telegram*, a newspaper of general circulation published in the City of Clarksburg, Harrison County, West Virginia, which established that the Amended Notice of Filing, issued by the Commission on January 24, 2008, was published therein on February 1, 2008.

On February 27, 2008, Staff Attorney Carrie F. DeHaven, of the Commission's Legal Division, filed the Initial Joint Staff Memorandum, along with the Initial Internal Memorandum, prepared by Utilities Analyst Karen L. Buckley of the Commission's Water and Wastewater Division and Technical Analyst Sylvie Steranka of the Commission's Engineering Division. After summarizing the information submitted by the District in this matter, Staff noted that the District's Rule 42 Exhibit included a proposed rate increase of 7.4% to support the increased expenses and the debt service associated with the WV IJDC loan. Since the District has proposed the hiring of an additional full-time field worker in its *pro forma* adjustments, Staff indicated that it would evaluate the District's need to hire a full-time field worker and whether the new worker was needed because of the District's proposed certificate project. Staff indicated that, if it concluded that the additional full-time field worker was not hired because of the project, his payroll and all other expenses associated with his hiring would have to be included as going-level adjustments. Staff recommended that this case be referred to the Division of Administrative Law Judges for resolution.

On February 28, 2008, letters of protest regarding this certificate application were received by the Commission from Carolyn Studenwalt of Lost Creek, West Virginia; Rondal G. Rogers of Lost Creek, West Virginia; and Philip and Bonna Losh of Jane Lew, West Virginia.

Between March 3 and March 20, 2008, seven (7) letters of protest regarding this certificate application were filed. Numerous other protests were filed over the next several weeks.

On April 23, 2008, Staff Attorney DeHaven filed the Final Joint Staff Memorandum along with the Final Internal Memorandum prepared by Utilities Analyst Buckley and Technical Analyst Steranka. Staff reported that the proposed project consists of the construction of gravity sewer lines which will collect and route wastewater from the Lakeland Terrace area to a new duplex lift station. Wastewater from this lift station will be pumped to the City of Bridgeport wastewater treatment plant through a 6-inch force main. Other sections of existing sewer lines will be refurbished or replaced to minimize inflow and infiltration. The number of manholes will also be increased to provide better

access to the system for maintenance purposes. The large existing septic tank at Hillcrest will also be removed. The State of West Virginia Department of Environmental Protection has issued NPDES Permit No. 17434, which approves construction of 3,500 linear feet of 8-inch sewer line, necessary manholes, one (1) 191-gallon-per-minute duplex pump station, approximately 6,400 linear feet of 6-inch force main and all necessary controls and appurtenances, with discharge to the existing City of Bridgeport sewage system. Staff concluded that the project was necessary and convenient as it

> represents a permanent solution to take over the sewage collection systems of Lakeland Terrace, including Lakeland Park and Augusta Park subdivisions, pursuant to Order No. 5147 issued by the Division of Water Resources of the West Virginia Department of Environmental Protection. The District has recently taken ownership of the Lakeland Terrace treatment system that had experienced numerous violations of state rules and exceeded fecal coliform limits into Simpson Creek. The District made temporary improvements that will allow sewage to be collected and transferred to Bridgeport for treatment instead of being discharged to Simpson Creek or vacant lots. Construction of this project will reduce pollution and eliminate public health hazards that currently exist in the area.

Staff was satisfied with the District's evaluation of alternatives to this project. Also, Staff found no apparent conflicts with the Commission's *Rules and Regulations for the Government of Sewer Utilities.*

With regard to the sewage treatment agreement proposed between the District and the City of Bridgeport, Staff recommended that the agreement be approved, without specifically approving the terms and conditions of the agreement. However, Staff did recommend that Item 5 of the agreement be stricken therefrom, based upon Staff's conclusion that Item 5 is unreasonable. Staff stated that the City of Bridgeport could not refuse to accept the District's sewage flows at any time or from time to time without significantly affecting public health. Staff's recommendation that the agreement, as modified, be approved was specifically contingent upon the filing by the District of a copy of the modified agreement.

Staff reported that the estimated project cost is $943,500 and the proposed funding is a loan from the WV IJDC in the amount of $943,500, for a term of forty (40) years at an annual interest rate of 0%. The District proposed a rate increase of 7.2% to support the project-related increased expenses and debt service requirements. Technical Staff concluded that the project contingency, engineering and surveying costs were reasonable. Operation and maintenance costs are expected to increase by $15,723 as a result of this project in the areas of operational labor, pumping expense, and treatment and disposal expenses.

With regard to rates, the Rule 42 Exhibit filed by the District with the certificate application included going-level rates which resulted in a surplus of $58,973 and a debt service coverage factor of 129%. The District's accountant factored in the hiring of a full-time field worker at going-level.

Since the District has not hired anyone to fill this position, Staff removed the labor expense associated with the hiring of a new employee from the going-level expenses. Staff also adjusted the *pro forma* expenses to reflect that annual operation and maintenance expenses will only increase by $15,723, rather than the $46,908 increase estimated in the District's Rule 42 Exhibit. Staff has determined that only a part-time field employee will be required as a result of this project, rather than the full-time field employee proposed by the District. Labor expenses have been reduced to reflect this fact. Rather than the 7.4% rate increase proposed by the District, Staff recommended a 3% increase in the District's rates and charges. A 3% increase would lead to a surplus of $55,084 and debt service coverage of 127.07%. The Staff-recommended rates include a new minimum charge of $10.02. A customer using 4500 gallons of water per month would receive a bill of $49.89 per month. Staff concluded that the total annual revenues generated at *pro forma* will be sufficient to cover the project-related expenses, debt service and reserve requirements.

Staff recommended that the District's certificate application be granted and that the District's petition for consent and approval of the agreement proposed between the District and the City of Bridgeport for treatment of the District's sewage flows be granted. Staff recommended that the proposed project financing, consisting of a WV IJDC loan in the amount of $943,500, at an annual interest rate of 0% for a term of forty (40) years, be approved. Staff noted that the project has received approval from the WV IJDC. Staff recommended that, should there be any changes in the plans or scope of the project, the District seek Commission approval of such changes. Staff recommended that, should there be any changes in the rates to be charged associated with the project, the District also seek Commission approval of such changes. Staff also noted that, provided that project-related rates remain unchanged, it would not be necessary for the District to seek further Commission approval of changes in project costs or financing. In such a situation, the District would be required to file an affidavit executed by its certified public accountant verifying that its rates and charges are not affected. Staff recommended approval of the level of operations as shown on Staff's Cash Flow Analysis, included with the Final Internal Memorandum, as Attachment 4. Staff also recommended that the District be required to promptly file a copy of the engineer's certified tabulation of bids for all contracts associated with this project, and that the District promptly file a copy of the Certificate of Substantial Completion for all contracts associated with this project.

On May 5, 2008, a Procedural Order was issued by the undersigned Administrative Law Judge which scheduled this case for a public hearing on June 3, 2008, at the Clarksburg City Hall, Clarksburg, Harrison County, West Virginia. The Order also established a procedural schedule and directed that the District cause the Notice of Hearing to be published once a week for two (2) consecutive weeks, as a Class II legal advertisement, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Harrison County, West Virginia. The District was also required to file an affidavit of publication regarding its publication of the Notice of Hearing and submit proof of compliance with the notice provisions of Rule 10.3.d. of the Commission's *Rules of Practice and Procedure*, on or before May 20, 2007.

On May 6, 2008, the District's attorney filed correspondence with the Commission in which it advised that the District was of the opinion that the Staff-recommended rates were too low, based upon Staff using a value of 15,540 gpd, which represents dry weather flow. The District's attorney

reported that the correct volume which Staff should have used is 30,000 gpd, which represents average flow. The District stated that its engineer, Clay Riley, would be in contact with Commission Staff regarding this issue.

On May 12, 2008, the District's attorney filed with the Commission a request that Commission Staff reconsider the operation and maintenance expenses. The District advised that Staff had inadvertently used the wrong average daily flow and advised that the correct projected average daily flow for this project is 31,000 gallons per day, which includes dry weather flow and estimated inflow and infiltration. The District's attorney pointed out where the correct average daily flow figures could be found in the "Design Manual for the Route 76 Sanitary Sewer Upgrades and Improvements for the Greater Harrison PSD, Harrison County, West Virginia, February 2007". The District requested that Staff prepare a further final memorandum, since the issue directly impacts rates.

On May 20, 2008, the District filed an Affidavit of Mailing and Posting, in which the District's General Manager, William C. Hoover, affirmed that he separately mailed copies of the Amended Notice of Filing to all 1,994 of the District's sewer customers on February 22, 2008, and posted the Amended Notice of Filing at the District's West Milford, West Virginia, office from January 28, 2008, through February 29, 2008.

Also on May 27, 2008, Staff Attorney DeHaven filed the Second Further Final Joint Staff memorandum, along with the Further Final Internal Memorandum, prepared by Technical Analyst Steranka and Utilities Analyst Buckley. Staff reported that it agreed with the District that the correct operation and maintenance figure should have been $46,908 and that a revised cash flow analysis, incorporating the correct operation and maintenance figure, had been prepared. Rates were adjusted to provide adequate surplus. Staff recommended that the District's rates be increased by 6.5%. The increase would give the District a surplus of $60,447 and a debt service coverage of 128.63%. Staff's adjusted rates will generate sufficient proforma revenues to cover the project-related expenses, debt service and reserve requirements. Staff concluded that the project, as amended, including the 6.5% increase in rates and charges, is financially feasible and should be approved. Under the revised Staff-recommended rates, the District's new minimum charge will be $10.36 and an average monthly bill, based upon water consumption of 4,500 gallons per month, will be $51.58.

On June 3, 2008, a public hearing took place in this matter at the Clarksburg City Hall, Clarksburg, West Virginia. At the hearing, the District's attorney announced that the District was in agreement with and would stipulate to the final recommendations of Commission Staff set forth in the Final Joint Staff Memorandum and the Final Internal Memorandum, as amended by the Second Further Final Joint Staff Memorandum and the Further Final Internal Memorandum. However, the District did object to Staff's recommendations regarding two (2) revisions to the sewage treatment agreement proposed by the District and the City of Bridgeport. The City of Bridgeport appeared at the hearing in support of the proposed sewage treatment agreement and agreed with the District's position that the agreement be approved by the Commission as it was filed. Thereafter, Commission Staff declined to present evidence in support of its two (2) recommended revisions to the proposed sewage treatment agreement and agreed to withdraw its objection to the surcharge provision contained within the proposed sewage treatment agreement. The parties then agreed that they were

willing to revise the language in Section 5 of the proposed agreement pertaining to the City of Bridgeport's right to refuse to accept sewage flows from the District under certain situations. The parties agreed that, after the hearing, they would work out a mutually acceptable revision and clarification of the language in Item/Paragraph 5 to address the concerns raised by Commission Staff. No one appeared at the public hearing to protest or object to the District's certificate application or the proposed sewage treatment agreement. One individual spoke at the hearing in support of the District's certificate application and the related sewage construction project.

On June 5, 2008, Norman T. Farley, Esq., counsel for the City of Bridgeport, filed a letter with the Commission in which he advised that the Sanitary Board of the City of Bridgeport had agreed to amend Section 5 of the agreement between it and the District to conform to the language proposed by the District and the City of Bridgeport at the hearing. Mr. Farley reported that Section 5 would be revised to include the following proviso:

> provided, however, that Bridgeport will not terminate service to the District under the Agreement for the purpose of providing sewer service to customers other than the District.

Staff agreed that it would withdraw its previous recommendation that Section 5 of the agreement be deleted. Mr. Farley requested that any comments regarding the revised language be provided to the Commission within five (5) days of June 4, 2008, the date of his letter.

DISCUSSION

The record in this case demonstrates that the District published the Amended Notice of Filing, as a Class I legal advertisement on February 1, 2008, in *The Exponent Telegram*. In response thereto, numerous letters of protest were received by the Public Service Commission during the thirty (30) day public protest period. Due to the protests received by the Public Service Commission, a public hearing was scheduled in this matter for June 3, 2008, at the Clarksburg City Hall, Clarksburg, West Virginia.

At the hearing on June 3, 2008, the District offered three (3) exhibits which established that it had complied with the various public notice requirements for certificate application cases. In addition to the affidavit of publication regarding publication of the District's Amended Notice of Filing, the District offered as a hearing exhibit an affidavit of posting and separate mailing, which established that the District had individually mailed a copy of the Amended Notice of Filing to each of its 1,994 sewer customers on February 22, 2008 and had posted the Amended Notice of Filing at the District's office in West Milford, West Virginia, from January 28, 2008, through February 29, 2008. Also, the District offered as an exhibit at the hearing a publisher's certificate which demonstrated that the District had caused the Notice of Hearing to be published in *The Exponent Telegram* as a Class II legal advertisement, on May 2 and May 9, 2008. These hearing exhibits were entered in the record and demonstrate that the District has substantially complied with all public notice requirements pertaining to certificate application cases.

The central issue for review in this certificate application case is the need for the proposed project. According to the District's application, the project involves construction of additions and improvements to a portion of its sanitary sewer system located in the area along Route 76 in Harrison County, West Virginia. Staff elaborated that the proposed project consists of the construction of gravity sewer lines which will collect and route wastewater from an area known as Lakeland Terrace to a new duplex lift station. Wastewater from this lift station will be pumped to the City of Bridgeport's wastewater treatment plant through a 6-inch force main. Staff reported that other sections of existing sewer lines will be refurbished or replaced to minimize inflow and infiltration and the number of manholes will also be increased to provide better access to the system for maintenance purposes.

Staff concluded that the project was necessary and convenient because it was a permanent solution to existing problems with sewage collection systems at the Lakeland Terrace, Lakeland Park and Augusta Park residential subdivisions. The District recently acquired ownership of these systems, which have experienced numerous violations of environmental rules, including exceeding fecal coliform limits into Simpson Creek. Temporary improvements to these troubled systems had already been made by the District. However, Staff concluded that construction of the proposed project would be an appropriate permanent solution and would reduce pollution and eliminate public health hazards that currently exist in the area.

Staff also concluded that the District's current rates are not sufficient to support the costs of this project. Staff recommended that a 6.5% across-the-board increase in the District's rates and charges was necessary to support the project and to increase revenues to meet the additional operation and maintenance expenses associated with the project, as well as other project-related expenses. Staff recommended that the revised Staff-recommended rates and charges set forth in its Second Further Final Joint Staff Memorandum and the Further Final Internal Memorandum, filed on May 27, 2008, be approved.

The undersigned Administrative Law Judge agrees with Commission Staff that the proposed project is necessary and convenient; the project financing is reasonable; and the revised Staff-recommended rates and charges set forth in Staff's Second Further Final Joint Staff Memorandum and Further Final Internal Memorandum, filed in this case on May 27, 2008, are adequate, but not more than necessary, to support the District's operations, including this project.

As to the Staff-recommended tariff which was attached to the Staff's Second Further Final Joint Staff Memorandum, the undersigned Administrative Law Judge has concluded that Schedule II thereof is redundant in its content. The tariff provisions set forth in Schedule II of the Staff-recommended tariff are contained within Schedule I of the Staff-recommended tariff. To correct the tariff problem, the undersigned Administrative Law Judge has deleted Schedule II of the Staff-recommended tariff from the approved tariff in this case and the remaining tariff schedules have been renumbered.

Therefore, the undersigned Administrative Law Judge is of the opinion that a certificate of convenience and necessity should be granted to the District.

With regard to the proposed sewage treatment agreement entered into by the District and the City of Bridgeport, the undersigned Administrative Law Judge is of the opinion that said agreement should be approved, as amended by mutual agreement of the parties and as set forth in correspondence filed with the Public Service Commission by Norman T. Farley, Esq., counsel for the City of Bridgeport, on June 5, 2008, without specifically approving the terms and conditions thereof.

The undersigned has made one modification to the Staff-recommended rates. Schedule II of the District's current rates and the Staff-recommended rates appears to be an unnecessary redundancy, since the charges set forth thereon are also contained in Schedule I. Accordingly, that schedule has been omitted and the remaining rate schedules have been re-numbered.

FINDINGS OF FACT

1. Greater Harrison County Public Service District filed an application for a certificate of convenience and necessity with the West Virginia Public Service Commission to construct additions and improvements to its sanitary sewer system in the area along Route 76 in Harrison County, West Virginia, as well as a petition for consent and approval of an agreement negotiated and proposed between it and the City of Bridgeport whereby the City of Bridgeport would treat the District's sewage flows. (See, January 23, 2008 filing).

2. The District estimated the total construction cost for the proposed project to be approximately $943,500. Financing for the project would be in the form of a loan from the West Virginia Infrastructure and Jobs Development Council, in the amount of $943,500, at an annual interest rate of 0% for a term of 40 years. (See, January 23, 2008 filing).

3. The District published the Amended Notice of Filing, issued by the Public Service Commission on January 24, 2008, as a Class I legal advertisement in *The Exponent Telegram*, a newspaper of general circulation published in the City of Clarksburg, Harrison County, West Virginia, on February 1, 2008. (See, District Ex. 1).

4. Protest letters regarding the proposed project were filed with the Public Service Commission during the thirty-day public protest period. (See, letters filed February 28, 2008).

5. The project represents a permanent solution for sewage collection problems at several troubled sewage systems located at Lakeland Terrace, Lakeland Park and Augusta Park residential subdivisions. These systems were taken over or acquired by the District and had received numerous violations of state environmental rules including numerous violations of fecal coliform limits into Simpson Creek. (See, Final Joint Staff Memorandum and Final Internal Memorandum, filed April 23, 2008).

6. Construction of this project should reduce pollution and eliminate public health hazards that currently exist in the project area. (See, Final Joint Staff Memorandum and Final Internal Memorandum, filed April 23, 2008).

7. Staff recommended that the sewage treatment agreement proposed between the Greater Harrison County Public Service District and the City of Bridgeport be approved, with two (2) revisions. (See, Final Joint Staff Memorandum and Final Internal Memorandum, filed April 23, 2008).

8. Operation and maintenance expenses are estimated to increase by $46,908 annually as a result of the proposed project. (See, Second Further Final Joint Staff Memorandum and Further Final Internal Memorandum, filed May 27, 2008).

9. Staff recommended a 6.5% across-the-board increase in the District's rates and charges. Such an increase would result in a surplus of $60,447 and a debt coverage ratio of 128.63%. (See, Second Further Final Joint Staff Memorandum and Further Final Internal Memorandum, filed May 27, 2008).

10. The District announced at the public hearing held in this matter on June 3, 2008, at Clarksburg City Hall, Clarksburg, West Virginia, that it would stipulate to the revised Staff recommendations pertaining to the certificate application, contained in the Second Further Final Joint Staff Memorandum and the Further Final Internal Memorandum, but that it disagreed with the two (2) Staff-recommended revisions or amendments to the proposed sewage treatment agreement between the District and the City of Bridgeport. (See, Tr., p. 7).

11. At the hearing, Commission Staff declined an opportunity to present witnesses to support its position with regard to its recommendation that the surcharge language in the proposed sewage treatment agreement be removed from the proposed sewage treatment agreement. At that time, Staff withdrew its objection to the surcharge provision contained in the proposed sewage treatment agreement. (See, Tr., p. 18).

12. At the hearing, Greater Harrison County Public Service District, the City of Bridgeport and Commission Staff announced that they would work out a mutually acceptable revision to and clarification of Section 5 of the proposed sewage treatment agreement that would more clearly establish the intent of the parties. (See, Tr., p. 18).

13. After the hearing, the City of Bridgeport filed correspondence with the Commission in which it presented an amendment, agreed upon by the parties, to Section 5 of the proposed sewage treatment agreement. The City advised that Section 5 of the agreement would be revised to include a proviso stating that, "provided, however, that Bridgeport will not terminate service to the District under the Agreement for the purpose of providing sewer service to customers other than the District." (See, June 5, 2008 filing).

14. Neither the District nor Commission Staff objected to the revision to Section 5 of the proposed sewage treatment agreement filed by Bridgeport. (See, case file generally).

15. At the public hearing, no member of the public appeared to object to the certificate application or the proposed sewage treatment agreement. (See, Tr., p. 21).

CONCLUSIONS OF LAW

1. The public convenience and necessity require the specific improvements and upgrades to the Greater Harrison County Public Service District sewage system described in the District's certificate application filed with the West Virginia Public Service Commission on January 23, 2008.

2. It is reasonable to approve the sewage treatment agreement, proposed by Greater Harrison County Public Service District and the City of Bridgeport, as amended by agreement of the parties, whereby the City of Bridgeport agrees to treat certain sewage flows of the Greater Harrison County Public Service District at its sewage treatment facilities, without specifically approving the terms and conditions thereof.

3. It is reasonable to approve the financing proposed for the project, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $943,500, at an annual interest rate of 0%, for a term of 40 years.

4. It is reasonable to grant a certificate of public convenience and necessity to Greater Harrison County Public Service District to construct the specific improvements to its sewage system as described in the certificate application filed with the Commission by the District on January 23, 2008.

ORDER

IT IS, THEREFORE, ORDERED that the application filed herein on January 23, 2008, by Greater Harrison County Public Service District, for a certificate of public convenience and necessity to construct upgrades and improvements to its existing sewage system, be, and hereby is, granted.

IT IS FURTHER ORDERED that the rates and charges attached hereto as Appendix A be, and hereby are, approved for use by Greater Harrison County Public Service District, for all sewage collection and treatment services rendered by it on and after the date that the project certificated herein becomes operational.

IT IS FURTHER ORDERED that the District's proposed sewage treatment agreement with the City of Bridgeport, whereby the City of Bridgeport will treat the District's sewage flows, as amended by the language filed by the City of Bridgeport on June 5, 2008, be, and hereby is approved. The District shall file an executed copy of said agreement, as revised to reflect the language filed herein on June 5, 2008, within thirty (30) days of the date that this Order becomes final.

IT IS FURTHER ORDERED that the financing for the project, consisting of a loan from the West Virginia Infrastructure and Jobs Development Council in the amount of $943,500, at an annual interest rate of 0%, for a term of 40 years, be, and hereby is, approved..

IT IS FURTHER ORDERED that Greater Harrison County Public Service District submit a certificate of substantial completion from its engineer, for each contract associated with the project certificated herein, as soon as they become available.

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

IT IS FURTHER ORDERED that, if there are any changes in the scope, plans or financing of the project, or if a change in project cost affects the District's rates, Greater Harrison County Public Service District obtain Commission approval of such changes prior to commencing construction.

IT IS FURTHER ORDERED that, if a change in project cost does not affect rates, Greater Harrison County Public Service District is not required to obtain Commission approval of such change, but Greater Harrison County Public Service District shall file an affidavit with the Commission duly executed by its accountant, verifying that the approved rates are not affected.

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

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

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

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

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

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

Cecelia Gail Jarrell

Cecelia Gail Jarrell
Administrative Law Judge

CGJ:s:kkp
080077aa.wpd

**PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON**

CASE NO. 08-0077-PSD-PC-CN

**GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
West Milford, West Virginia 26451**

Petition for consent and approval of an agreement between the District and the City of Bridgeport whereby the City will treat the District's sewage and an application for a certificate of convenience and necessity to construct sanitary sewer upgrades and improvements in the area along Route 75 in Harrison County.

APPROVED RATES

SCHEDULE I

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

Available for general domestic, commercial and industrial sewer service.

CUSTOMER CHARGE

Per customer - $10.36 per month

COMMODITY CHARGE

$9.16 per 1,000 gallons

UNMETERED AND WELL USERS

Flat rate (5,000 gallons) - $56.16 per month

TAP FEE

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

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

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

DELAYED PAYMENT PENALTY

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

RETURNED CHECK CHARGE

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

DISCONNECT/RECONNECT/ADMINISTRATIVE FEES

Whenever water service has been disconnected for nonpayment of sewer bills in conjunction with a water service termination agreement with other utilities, a disconnection fee of $19.10 shall be charged; or in the event the delinquent sewer bill is collected by the water company, an administrative fee of $19.10 shall be charged.

Whenever water service which has been previously disconnected or otherwise withheld for non-payment of sewer bill in conjunction with a water service termination agreement with other utilities, is reconnected, a reconnection fee of $19.10 shall be charged.

LEAK ADJUSTMENT

$0.38 per 1,000 gallons is to be used when a bill reflects unusual water consumption which can be attributed to eligible water leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

SCHEDULE II

SURCHARGE FORMULA TO BE APPLIED IN THE CASE OF USERS PRODUCING UNUSUAL WASTE

The charge for the treatment of unusual waste will be calculated on the basis of the following formula:

$$Ci = VoVi + BoBi + SoSi + NoNi$$

Ci = charge to unusual users per year
Vo = average unit cost of transport and treatment chargeable to volume, in dollars per gallon
Vi = volume of wastewater from unusual users, in gallons per year
Bo = average unit cost of treatment, chargeable to Biochemical Oxygen Demand (BOD), in dollars per pound
Bi = weight of BOD from unusual users, in pounds per year
So = average unit cost of treatment (including sludge treatment) chargeable to total solids, in dollars per pound
Si = weight of total solids from unusual users, in pounds per year
No = average unit costs of treatment chargeable to Nitrogenous Oxygen Demand (NOD), in dollars per pound
Ni = weight of NOD from unusual users, in pounds per year

When an unusual user is to be served, a preliminary study of its wastes, and the cost of transport and treatment thereof, will be made. Waste containing materials which, in the judgement of the Public Service District should not be introduced into the sewer system, need not be handled by it. The results of the preliminary study will be used to determine the feasibility of the proposed sewer service and the charge therefor, based upon the formula set out above.

Thereafter, unusual sewage will be monitored on a regular basis and at the conclusion of each fiscal year, based on the investigation aforesaid and audit of the utility records, new cost figures will be calculated for use in the above formula. The cost of establishing the monitoring facilities shall be paid by the unusual user, or refund given by the Public Service District, as the case may be. Such audited figures shall then be used for the preliminary billing for the next fiscal year, at the end of which an adjustment will be made as aforesaid.

SCHEDULE III

SURFACE OR GROUND WATER SURCHARGE

Whenever the utility has discovered that a customer's roof drain, downspout, storm sewer or similar facilities conducting surface water have been connected to the utility's sewer system and such customer has failed to take appropriate action, within thirty (30) days of a demand by the utility in accordance with the Rules of the Public Service Commission, to eliminate such connection, a surcharge will be imposed upon the customer calculated on the basis of the following formula:

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

S	=	The surcharge in dollars
A	=	The area under roof and/or the area of any other water collection surface connected to the sanitary sewer, in square feet
R	=	The measured monthly rainfall, in inches
C	=	The utility's approved rate per thousand gallons of metered water usage
.0006233	=	A conversion factor to change inches of rain x square feet of surface to thousands of gallons of water

The utility shall not impose the surcharge unless and until the customer has been notified by certified mail, return receipt requested, or by hand delivery, that it has been established by smoke testing, dye testing or on-site inspection that rain or surface water is being introduced into the sanitary sewer system at the customer's location, and that the customer has not acted within thirty (30) days from receipt of such notice to divert the water from the sanitary sewer system.

Said surcharge shall be calculated and imposed for each month that said condition continues to exist. Failure to pay the surcharge and/or correct the situation shall give rise to the possible termination of water in accordance with the Rules of the Public Service Commission of West Virginia.

WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Angela K. Chestnut, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

April 7, 2010

William Coffindaffer, Chairman
Greater Harrison County PSD
P.O. Box 1980
West Milford, WV 26451

Re: Greater Harrison County Public Service District
Sewer Project 2007D-1010
Water Development Authority Design Loan
PSC Case No. 09-1794-PSD-PC-42A

Dear Mr. Coffindaffer:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) voted on April 7, 2010, to provide a guarantee for the $878,500 Water Development Authority design loan for the Greater Harrison County PSD sewer project. The Infrastructure Council will set aside money in the Infrastructure Fund that can be used to provide a grant to the Greater Harrison County PSD if this project does not proceed to construction within five years or such other time period as the Infrastructure Council may approve. Please be advised that the guaranteed amount cannot exceed fifty percent of the design project, and the PSD must document the total cost. Also, please be advised that the Council approved this guarantee based on the special circumstances surrounding the PSD's proposed project, and such approval should not be construed to be a change in Council policy or a precedent for future design loans.

Please contact Angela K. Chestnut at 304-558-4607 (X201) if you have any questions concerning this matter.

Sincerely,

Kenneth Lowe, Jr.

KL:bjp

cc: Mike Johnson, P.E., DEP (w/o enclosure) *(via e-mail)*
Clay Riley, P.E., Thrasher Engineering, Inc. *(via e-mail)*
Samme Gee, Esq., Jackson Kelly *(via e-mail)*
Sandra Squire, PSC *(via fax)*

180 Association Drive • Charleston, WV 25311 • Phone (304) 558-4607 • Fax (304) 558-4609

www.wvinfrastructure.com

WEST VIRGINIA

Infrastructure & Jobs Development Council

Gov. Joe Manchin, III
Chairman

Kenneth Lowe, Jr.
Public Member

Dwight Calhoun
Public Member

David "Bones" McComas
Public Member

Ron Justice
Public Member

Angela K. Chestnut, P.E.
Executive Director

Barbara J. Pauley
Administrative Secretary

April 7, 2010

William Coffindaffer, Chairman
Greater Harrison County PSD
P.O. Box 1980
West Milford, WV 26451

Re: Greater Harrison County Public Service District
Sewer Project 2007D-1010
Water Development Authority Design Loan
PSC Case No. 09-1794-PSD-PC-42A

Dear Mr. Coffindaffer:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) voted on April 7, 2010, to provide a guarantee for the $878,500 Water Development Authority design loan for the Greater Harrison County PSD sewer project. The Infrastructure Council will set aside money in the Infrastructure Fund that can be used to provide a grant to the Greater Harrison County PSD if this project does not proceed to construction within five years or such other time period as the Infrastructure Council may approve. Please be advised that the guaranteed amount cannot exceed fifty percent of the design project, and the PSD must document the total cost. Also, please be advised that the Council approved this guarantee based on the special circumstances surrounding the PSD's proposed project, and such approval should not be construed to be a change in Council policy or a precedent for future design loans.

Please contact Angela K. Chestnut at 304-558-4607 (X201) if you have any questions concerning this matter.

Sincerely,

Kenneth Lowe, Jr.

K.L:bjp

cc: Mike Johnson, P.E., DEP (w/o enclosure) *(via e-mail)*
Clay Riley, P.E., Thrasher Engineering, Inc. *(via e-mail)*
Samme Gee, Esq., Jackson Kelly *(via e-mail)*
Sandra Squire, PSC *(via fax)*

180 Association Drive • Charleston, WV 25311 • Phone (304) 558-4607 • Fax (304) 558-4609

www.wvinfrastructure.com

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

CROSS-RECEIPT FOR BONDS AND BOND PROCEEDS

On this 24th day of June, 2010, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of Greater Harrison County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certifies as follows:

1. On the date hereof, the Authority received the Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), of the Issuer, in the principal amount of $878,500, number AR-1 (the "Series 2010 A Bonds"), issued as a single, fully registered Bond, and dated June 24, 2010.

2. At the time of such receipt, the Series 2010 A Bonds had been executed by the Chairman and the Secretary of the Issuer by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2010 A Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2010 A Bonds, of the sum of $414,503, being a portion of the principal amount of the Series 2010 A Bonds. The balance of the principal amount of the Series 2010 A Bonds will be advanced by the Authority to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the date first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

By: _____
Its: Authorized Representative

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

05.20.10
352650.00007

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

DIRECTION TO AUTHENTICATE AND DELIVER BONDS

The Huntington National Bank
as Bond Registrar
Charleston, West Virginia

Ladies and Gentlemen:

Greater Harrison County Public Service District (the "Issuer") hereby delivers the following to you on this 24th day of June, 2010.

(1) Bond No. AR-1, constituting the entire original issue of the Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), in the principal amount of $878,500 (the "Series 2010 A Bonds"), dated June 24, 2010, executed by the Chairman and Secretary of the Issuer and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on June 16, 2010, and a Supplemental Resolution duly adopted by the Issuer on June 16, 2010 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above-captioned Bonds (the "Series 2010 A Bonds"), duly certified by the Secretary of the Issuer;

(3) Executed counterparts of a loan agreement for the Series 2010 A Bonds, dated June 24, 2010, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2010 A Bonds.

You are hereby requested and authorized to deliver the Series 2010 A Bonds to the Authority upon payment to the Issuer of the sum of $414,503, representing a portion of the principal amount of the Series 2010 A Bonds. Prior to such delivery of the Series 2010 A Bonds, you will please cause the Series 2010 A Bonds to be authenticated and registered by an authorized officer, as Bond Registrar, in accordance with the forms of Certificate of Authentication and Registration thereon.

[Remainder of Page Intentionally Blank]

Dated as of the date first written above.

GREATER HARRISON COUNTY PUBLIC
SERVICE DISTRICT

By: William Offenhiffer
Its: Chairman

05.20.10
352650.00007

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 A
(WEST VIRGINIA WATER DEVELOPMENT AUTHORITY)

No. AR-1 $878,500

KNOW ALL MEN BY THESE PRESENTS: That on the 24th day of June, 2010, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT, a public service district, a public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns, the sum of EIGHT HUNDRED SEVENTY-EIGHT THOUSAND FIVE HUNDRED DOLLARS ($878,500), or such lesser amount as shall have been advanced to the Issuer hereunder, and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference. The Series 2010 A Bonds shall be dated the date hereof, and shall finally mature October 1, 2030. Interest shall commence on the date of closing on the amounts advanced and outstanding, payable quarterly on March 1, June 1, September 1 and December 1 of each year in arrears at the rate of 3.0% per annum, with the first payment due on October 1, 2010. Commencing July 1, 2012, interest accrues at the rate of 5.0 % per annum, payable quarterly and the principal shall be payable quarterly, with all principal and interest not theretofore paid being due and payable March 1, June 1, September 1 and December 1 commencing October 1, 2012, to and including October, 1, 2030, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated June 24, 2010.

This Bond is issued (i) to temporarily pay a portion of the costs of design of certain extensions, additions, betterments and improvements to the existing sewerage facilities of the Issuer (the design of the aforementioned improvements and extensions is herein referred to as the "Project", and the existing public sewerage system of the Issuer, together with any further additions, betterments and

improvements thereto, including those contemplated by the Project, are collectively referred to as the "System"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on June 16, 2010, and a Supplemental Resolution duly adopted by the Issuer on June 16, 2010 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S:

(I) SEWER REVENUE BONDS, SERIES 1986 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771, UNDER ITS PRIOR NAME GRANT-UNION PUBLIC SERVICE DISTRICT (THE "SERIES 1986 A BONDS");

(II) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $285,908, UNDER ITS PRIOR NAME GRANT-UNION PUBLIC SERVICE DISTRICT (THE "SERIES 1990 A BONDS");

(III) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 18, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $432,000, ASSUMED AS A RESULT OF A MERGER WITH MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT (THE "SERIES 1995 BONDS");

(IV) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 26, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,981,165 (THE "SERIES 2003 A BONDS");

(V) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 26, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,130,000 (THE "SERIES 2003 B BONDS"); AND

(VI) SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED OCTOBER 27, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $943,506 (THE "SERIES 2008 A BONDS"), (COLLECTIVELY, THE "FIRST LIEN BONDS");

AND SENIOR AND PRIOR WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, TO THE ISSUER'S:

(I) SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387, UNDER ITS PRIOR NAME GRANT-UNION PUBLIC SERVICE DISTRICT (THE "SERIES 1986 B BONDS"); AND

(II) SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,342, UNDER ITS PRIOR NAME GRANT-UNION PUBLIC SERVICE DISTRICT (THE "SERIES 1990 B BONDS"), (COLLECTIVELY, THE "SECOND LIEN BONDS"). THE FIRST LIEN BONDS AND SECOND LIEN BONDS ARE COLLECTIVELY, THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds and senior and prior to the Second Lien Bonds, and from monies in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 2010 A Bonds Reserve Account") and from unexpended proceeds of the Bonds. Such 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.

This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, or the interest hereon, except from said special fund provided from the Net Revenues, the monies in the Series 2010 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest on the Bonds and all other obligations secured by a lien on or payable from such revenues, including the Prior Bonds; provided however, that so long as there exists in the Series 2010 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding secured by a lien or payable from such revenues, including the Prior Bonds, an amount at least equal to the requirement therefore, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated as of the day and year first written above.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2010 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 24, 2010.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $414,503	June 24, 2010	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

Greater Harrison County PSD

IF

Dated Date	6/24/2010
Delivery Date	6/24/2010

Period Ending	Principal	Interest	Debt Service
6/24/2010			
10/1/2010			
1/1/2011			
4/1/2011			
7/1/2011			
10/1/2011			
1/1/2012			
4/1/2012			
7/1/2012			
10/1/2012	7,437	10,981.25	18,418.25
1/1/2013	7,530	10,888.29	18,418.29
4/1/2013	7,625	10,794.16	18,419.16
7/1/2013	7,720	10,698.85	18,418.85
10/1/2013	7,816	10,602.35	18,418.35
1/1/2014	7,914	10,504.65	18,418.65
4/1/2014	8,013	10,405.73	18,418.73
7/1/2014	8,113	10,305.56	18,418.56
10/1/2014	8,215	10,204.15	18,419.15
1/1/2015	8,317	10,101.46	18,418.46
4/1/2015	8,421	9,997.50	18,418.50
7/1/2015	8,526	9,892.24	18,418.24
10/1/2015	8,633	9,785.66	18,418.66
1/1/2016	8,741	9,677.75	18,418.75
4/1/2016	8,850	9,568.49	18,418.49
7/1/2016	8,961	9,457.86	18,418.86
10/1/2016	9,073	9,345.85	18,418.85
1/1/2017	9,186	9,232.44	18,418.44
4/1/2017	9,301	9,117.61	18,418.61
7/1/2017	9,417	9,001.35	18,418.35
10/1/2017	9,535	8,883.64	18,418.64
1/1/2018	9,654	8,764.45	18,418.45
4/1/2018	9,775	8,643.78	18,418.78
7/1/2018	9,897	8,521.59	18,418.59
10/1/2018	10,021	8,397.88	18,418.88
1/1/2019	10,146	8,272.61	18,418.61
4/1/2019	10,273	8,145.79	18,418.79
7/1/2019	10,401	8,017.38	18,418.38
10/1/2019	10,531	7,887.36	18,418.36
1/1/2020	10,663	7,755.73	18,418.73
4/1/2020	10,796	7,622.44	18,418.44
7/1/2020	10,931	7,487.49	18,418.49
10/1/2020	11,068	7,350.85	18,418.85
1/1/2021	11,206	7,212.50	18,418.50
4/1/2021	11,346	7,072.43	18,418.43
7/1/2021	11,488	6,930.60	18,418.60
10/1/2021	11,632	6,787.00	18,419.00

BOND DEBT SERVICE

Greater Harrison County PSD

IF

Period Ending	Principal	Interest	Debt Service
1/1/2022	11,777	6,641.60	18,418.60
4/1/2022	11,924	6,494.39	18,418.39
7/1/2022	12,073	6,345.34	18,418.34
10/1/2022	12,224	6,194.43	18,418.43
1/1/2023	12,377	6,041.63	18,418.63
4/1/2023	12,532	5,886.91	18,418.91
7/1/2023	12,688	5,730.26	18,418.26
10/1/2023	12,847	5,571.66	18,418.66
1/1/2024	13,008	5,411.08	18,419.08
4/1/2024	13,170	5,248.48	18,418.48
7/1/2024	13,335	5,083.85	18,418.85
10/1/2024	13,502	4,917.16	18,419.16
1/1/2025	13,670	4,748.39	18,418.39
4/1/2025	13,841	4,577.51	18,418.51
7/1/2025	14,014	4,404.50	18,418.50
10/1/2025	14,189	4,229.33	18,418.33
1/1/2026	14,367	4,051.96	18,418.96
4/1/2026	14,546	3,872.38	18,418.38
7/1/2026	14,728	3,690.55	18,418.55
10/1/2026	14,912	3,506.45	18,418.45
1/1/2027	15,099	3,320.05	18,419.05
4/1/2027	15,287	3,131.31	18,418.31
7/1/2027	15,479	2,940.23	18,419.23
10/1/2027	15,672	2,746.74	18,418.74
1/1/2028	15,868	2,550.84	18,418.84
4/1/2028	16,066	2,352.49	18,418.49
7/1/2028	16,267	2,151.66	18,418.66
10/1/2028	16,470	1,948.33	18,418.33
1/1/2029	16,676	1,742.45	18,418.45
4/1/2029	16,885	1,534.00	18,419.00
7/1/2029	17,096	1,322.94	18,418.94
10/1/2029	17,310	1,109.24	18,419.24
1/1/2030	17,526	892.86	18,418.86
4/1/2030	17,745	673.79	18,418.79
7/1/2030	17,967	451.98	18,418.98
10/1/2030	18,191	227.39	18,418.39
	878,500	**519,283.34**	**1,397,783.34**

(Form of)

ASSIGNMENT

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

Dated: _____, 20___.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

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

Writer's Contact Information

June 24, 2010

Greater Harrison County Public Service District
Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

Greater Harrison County Public Service District
West Milford, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Greater Harrison County Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $878,500 Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement, dated June 24, 2010, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Series 2010 A Bonds shall be dated the date hereof, and shall finally mature October 1, 2030. Interest shall commence on the date of closing on the amounts advanced and outstanding, payable quarterly on January 1, April 1, July 1 and October 1 of each year in arrears at the rate of 3.0% per annum, with the first payment due on October 1, 2010. Commencing July 1, 2012, interest accrues at the rate of 5.0% per annum, payable quarterly and the principal shall be payable quarterly, with all principal and interest not theretofore paid being due and payable January 1, April 1, July 1 and October commencing October 1, 2012, to and including October 1, 2030, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 22C, Article 1 of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying the costs of design of certain extensions,

West Virginia • Ohio • Kentucky

TERRALEX® The Worldwide Network of Independent Law Firms

additions, betterments and improvements to the existing sewerage facilities of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

We have also examined the applicable provisions of the Act, the Bond Resolution duly adopted by the Issuer on June 16, 2010, as supplemented by a Supplemental Resolution duly adopted by the Issuer on June 16, 2010 (collectively, the "Bond Legislation"), pursuant to and under which Act and Resolution the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Resolution and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Resolution and the Loan Agreement when used herein.

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

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

2. The Loan Agreement has been duly authorized by and executed on behalf of the Issuer, is a valid and binding special obligation of the Issuer enforceable in accordance with the terms thereof, and inures to the benefit of the Authority and cannot be amended by the Issuer so as to affect adversely the rights of the Authority or diminish the obligations of the Issuer without the written consent of the Authority.

3. The Resolution and all other necessary orders and resolutions have been duly and effectively adopted by the Issuer and constitute valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their terms. The Bond Legislation contains provisions and covenants substantially in the form of those set forth in Section 4.1 of the Loan Agreement.

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Resolution and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with respect to liens, pledge and source of and security for payment with the Issuer's: (i) Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771, under its prior name Grant-Union Public Service District (the "Series 1986 A Bonds"); (ii) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908, under its prior name Grant-Union Public Service District (the "Series 1990 A Bonds"); (iii) Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated April 18, 1995, issued in the original aggregate principal amount of $432,000, assumed as a result of a merger with Mount Clare Road Public Service District (the "Series 1995 Bonds"); (iv) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated June 26, 2003, issued in the original aggregate principal amount of $1,981,165 (the "Series 2003 A Bonds"); (v) Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), dated June 26, 2003, issued in

the original aggregate principal amount of $4,130,000 (the "Series 2003 B Bonds"); and (vi) Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated October 27, 2008, issued in the original aggregate principal amount of $943,506 (the "Series 2008 A Bonds"), (collectively, hereinafter be referred to as the "First Lien Bonds"); and prior and senior to the Issuer's "); (i) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387, under its prior name Grant-Union Public Service District (the "Series 1986 B Bonds"); and (ii) Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,342, under its prior name Grant-Union Public Service District (the "Series 1990 B Bonds"); (collectively, the "Second Lien Bonds"); all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

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

Very truly yours,

STEPTOE & JOHNSON PLLC

06.10.10
352650.00007

LAW OFFICE

Thomas R. Michael
ATTORNEY AT LAW
P.O. BOX 250
LOST CREEK, WEST VIRGINIA, 26385-0250

PHONE 304-745-5904 FAX 304-745-5907 EMAIL tom_michael@yahoo.com

(Opinion of Counsel to Issuer)

June 24, 2010

Greater Harrison County Public Service District
Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

Greater Harrison County Public Service District
West Milford, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

Ladies and Gentlemen:

I am counsel to Greater Harrison County Public Service District, a public service district, in Harrison County, West Virginia (the "Issuer"). As such counsel, I have examined copies of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2010 A Bonds, dated June 24, 2010, including all schedules and exhibits attached thereto, by and between the Issuer and the West Virginia Water Development Authority (the "Authority") (the "Loan Agreement"), the Bond Resolution duly adopted by the Issuer on June 16, 2010, as supplemented by the Supplemental Resolution duly adopted by the Issuer on June 16, 2010 (collectively, the "Resolution"), orders of The County Commission of Harrison County, West Virginia, relating to the Issuer and the appointment of members of the Public Service Board of the Issuer, and other documents, papers, agreements, instruments and certificates relating to the above-captioned bonds (collectively, the "Bonds") of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Resolution and the Loan Agreement when used herein.

I am of the opinion that:

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

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

3. The Loan Agreement has been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitutes valid and binding agreement of the Issuer, enforceable in accordance with its terms.

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Resolution and the carrying out of the terms thereof, do not and will not, in any material respect, conflict with or constitute, on the part of the Issuer, a breach of or default under any order, resolution, agreement or other instrument to which the Issuer is a party or by which the Issuer or its properties are bound or any existing law, regulation, court order or consent decree to which the Issuer is subject.

6. The Issuer has received all permits, licenses, approvals, consents, exemptions, orders, certificates and authorizations necessary for the creation and existence of the Issuer, the issuance of the Bonds, the design of certain extensions, additions, betterments and improvements to the existing sewerage facilities of the Issuer (the "Project"), the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, all requisite orders, certificates and approvals from The County Commission of Harrison County, the West Virginia Department of Environmental Protection, the Council, and the Public Service Commission of West Virginia, and has taken any other action required for the imposition of such rates and charges, including, without limitation, the adoption of a resolution prescribing such rates and charges. The Issuer has received the Commission Order entered May 14, 2010 of the Public Service Commission of West Virginia in Case No. 09-1794-PSD-PC-42A, among other things, granting to the Issuer approval for the Project and approving the financing for the Project. The Issuer has received the Recommended Decision entered August 19, 2008 which became Final Order on September 8, 2008, in Case No: 08-0077-PSD-PC-CN of the Public Service Commission of West Virginia granting to the Issuer approval for the rates and charges for the System. The time for appeal of the Orders have expired prior to the date hereof without any appeal. Such Orders remain in full force and effect.

7. To the best of my knowledge, there is no litigation, action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Bonds, the Loan Agreement, the Resolution, the design of the Project, the operation of the System, the validity of the Bonds or the collection of the Gross Revenues or the pledge of the Net Revenues for the payment of the Bonds.

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

Very truly yours,

Thomas R. Mulhail

352650.00007

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME
7. MEETINGS, ETC.
8. LOAN AGREEMENT
9. RATES
10. INSURANCE
11. VERIFICATION OF SCHEDULE
12. PUBLIC SERVICE COMMISSION ORDERS
13. SIGNATURES AND DELIVERY
14. BOND PROCEEDS
15. SPECIMEN BOND
16. CONFLICT OF INTEREST
17. PROCUREMENT OF ENGINEERING SERVICES
18. PERMANENT FINANCING
19. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and the undersigned SECRETARY of the Public Service Board of Greater Harrison County Public Service District in Harrison County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the Issuer, hereby certify on this the 24th day June, 2010, in connection with the Issuer's Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority) dated the date hereof (the "Series 2010 A Bonds"), as follows:

1. TERMS: All capitalized words and terms used in this General Certificate and not otherwise defined herein shall have the same meaning as set forth in the Bond Resolution of the Issuer duly adopted June 16, 2010, and the Supplemental Resolution duly adopted June 16, 2010 (collectively, the "Bond Legislation").

2. NO LITIGATION: Except as specifically provided below, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Series 2010 A Bonds, the Project, the operation of the System, the receipt of the Net Revenues, or in any way

contesting or affecting the validity of the Series 2010 A Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Series 2010 A Bonds, the pledge or application of the Net Revenues or any other monies or security provided for the payment of the Series 2010 A Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Series 2010 A Bonds, the Project, the operation of the System, the pledge or application of monies and security or the collection of the Gross Revenues or the pledge of the Net Revenues as security for the Series 2010 A Bonds.

3. GOVERNMENTAL APPROVALS: All applicable and necessary approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the creation and existence of the Issuer, the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2010 A Bonds have been duly and timely obtained and remain in full force and effect.

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

The Issuer has the following outstanding obligations: (i) Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771, under its prior name Grant-Union Public Service District (the "Series 1986 A Bonds"); (ii) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908, under its prior name Grant-Union Public Service District (the "Series 1990 A Bonds"); (iii) Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated April 18, 1995, issued in the original aggregate principal amount of $432,000, assumed as a result of a merger with Mount Clare Road Public Service District (the "Series 1995 Bonds"); (iv) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387, under its prior name Grant-Union Public Service District (the "Series 1986 B Bonds"); (v) Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,342, under its prior name Grant-Union Public Service District (the "Series 1990 B Bonds"); (vi) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated June 26, 2003, issued in the original aggregate principal amount of $1,981,165 (the "Series 2003 A Bonds"); (vii) Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), dated June 26, 2003, issued in the original aggregate principal amount of $4,130,000 (the "Series 2003 B Bonds"); and (viii) Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated October 27, 2008, issued in the original aggregate principal amount of $943,506 (the "Series 2008 A Bonds"), (collectively, the "Prior Bonds"). The Series 1986 A Bonds, Series 1990 A Bonds, Series 1995 Bonds, Series 2003 A Bonds, Series 2003 B Bonds and Series 2008 A Bonds (collectively, the "First Lien Bonds") are payable from and secured by a first lien on the Net Revenues of the System. The Series 1986 B Bonds and Series 1990 B Bonds (collectively, the "Second Lien Bonds") are secured by a junior and subordinate lien on the Net Revenues of the System. The Series 2010 A Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all other respects.

The Issuer has obtained (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2010 A Bonds on a parity with the First Lien Bonds; and (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2010 A Bonds on a senior and prior basis to the Second Lien Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolution.

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

Bond Resolution

Supplemental Resolution

Series 2010 A Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on the Creation and Enlargement of District

County Commission Orders Appointing Current Boardmembers

Oaths of Office of Current Boardmembers

Rules of Procedure

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution, Supplemental Resolution and First Draw Resolution and Rules of Procedure

Prior Bond Resolution and Supplemental Resolution

WDA Consent to Issuance of Parity Bonds

USDA Consent to Issuance of Parity Bonds

Insurance Certificate

6. INCUMBENCY AND OFFICIAL NAME, Etc.: The proper corporate title of the Issuer is "Greater Harrison County Public Service District" and its principal office and place of business are in Harrison County, West Virginia. The Issuer is a public service district and public corporation and political subdivision of the State of West

Virginia, duly created by The County Commission of Harrison County. The governing body of the Issuer is its Public Service Board consisting of three duly appointed, qualified and acting members, whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
William L. Coffindaffer	11/24/2009	11/24/2015
Gerald Everett	11/19/2009	11/19/2015
Gregory D. Robertson	10/02/2008	10/01/2014
James L. Scudere	01/18/2007	01/17/2013
William J. Derrickson	07/17/2008	07/17/2014

The names of the duly elected and/or appointed, qualified and acting officers of said Public Service Board of the Issuer for the calendar year 2010 are as follows:

Chairman - William Coffindaffer
Secretary - Gregory Robertson

The duly appointed and acting counsel to the Issuer is Thomas R. Michael, Lost Creek, West Virginia.

7. 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 Series 2010 A Bonds and the financing of the Project and the System were authorized or adopted at regular or special meetings of the Governing Body of the Issuer duly and regularly called and held pursuant to the Rules of Procedure of the Governing Body and all applicable statutes, including, particularly and without limitation, Chapter 6, Article 9A of the West Virginia Code of 1931, as amended, and a quorum of duly elected or appointed, as applicable, qualified and acting members of the Governing Body was present and acting at all times during all such meetings. All notices required to be posted and/or published were so posted and/or published.

8. LOAN AGREEMENT: As of the date hereof, (i) the representations of the Issuer contained in the Loan Agreement are true and correct in all material respects as if made on the date hereof; (ii) the Loan Agreement does not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) to the best knowledge of the undersigned, no event affecting the Issuer has occurred since the date of the Loan Agreement which should be disclosed for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information in the Loan Agreement not misleading; and (iv) the Issuer is in compliance with all covenants, terms and representations in the Loan Agreement.

9. RATES: The Issuer has received the Recommended Decision entered August 19, 2008 which became Final Order on September 8, 2008 in Case No. 08-0077-PSD-PC-CN of the Public Service Commission of West Virginia approving the rates and charges for the services of the System, and has adopted a resolution prescribing such rates and charges. The time for appeal of such Final Order has expired prior to the date hereof without any appeal.

10. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain worker's compensation, public liability, property damage insurance, standard hazard insurance, builder's risk insurance, flood insurance and business interruption insurance, where applicable, in accordance with the Bond Legislation and the Loan Agreement. All insurance for the System required by the Bond Legislation and the Loan Agreement are in full force and effect.

11. VERIFICATION OF SCHEDULE: The final Schedule B attached to the Certificate of Consulting Engineer, accurately represents the estimated costs of the Project, the sources of funds available to pay the costs of the Project and the costs of financing of the Bonds.

12. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received, the Commission Order of the Public Service Commission of West Virginia entered May 14, 2010 in Case No. 09-1794-PSD-PC-42A, approving the financing for the Project. The time for reconsideration, reopening or appeal has expired prior to the date hereof without any appeal having been filed. The Orders remain in full force and effect.

13. SIGNATURES AND DELIVERY: On the date hereof, the undersigned Chairman did officially sign all of the Series 2010 A Bonds of the aforesaid issue, consisting upon original issuance of a single Bond, numbered AR-1, dated the date hereof, by his or her manual signature, and the undersigned Secretary did officially cause the official seal of the Issuer to be affixed upon said Bond and to be attested by his or her manual signature, and the Registrar did officially authenticate, register, and deliver the Bond to a representative of the Authority as the original purchaser of the Series 2010 A Bonds under the Loan Agreement. Said official seal is also impressed above the signatures appearing on this certificate.

14. BOND PROCEEDS: On the date hereof, the Issuer received the sum of $414,503 from the Authority, being a portion of the principal amount of the Series 2010 A Bonds. The balance of the principal amount of the Series 2010 A Bonds will be advanced to the Issuer from time to time as the Project progresses.

15. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Series 2010 A Bonds.

16. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Series 2010 A Bonds, the Bond Legislation and/or the Project, including, without limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

17. PROCUREMENT OF ENGINEERING SERVICES: The Issuer has complied in all respects with the requirements of Chapter 5G, Article 1 of the West Virginia Code of 1931, as amended, in the procurement of engineering services to be paid from proceeds of the Series 2010 A Bonds.

18. PERMANENT FINANCING: The Issuer hereby certifies that it will promptly seek permanent financing for the acquisition and construction of the extensions, additions, betterments and improvements to the existing sewerage facilities designed as a result of the Project, and will do all things necessary to effectuate such financing and apply the proceeds from such financing to pay the entire outstanding principal of and all accrued interest on the Series 2010 A Bonds, if any, in full as soon as such financing is available.

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

[Remainder of Page Intentionally Blank]

WITNESS our signatures and the official seal of GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT on the date first above written.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
	Chairman
	Secretary
	Counsel to Issuer

06.01.10
352650.00007

CH5101196

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

CERTIFICATE OF ENGINEER

I, Clay Riley, Registered Professional Engineer, West Virginia License No. 015634, of Thrasher Engineering, Inc., Clarksburg, West Virginia, hereby certify this 24th day of June, 2010 as follows:

1. My firm is engineer for the design of certain additions, betterments, improvements and extensions (the "Project") to the existing public sewerage system (the "System") of Greater Harrison County Public Service District (the "Issuer"), to be constructed primarily in Harrison County, West Virginia, which design is being financed, in part, by the proceeds of the above-captioned bonds (the "Bonds") of the Issuer. Capitalized terms used herein and not defined herein shall have the same meaning set forth in the Bond Resolution adopted by the Issuer on June 16, 2010, as supplemented by the Supplemental Resolution adopted by the Issuer on June 16, 2010, and the Loan Agreement by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), dated June 24, 2010 (the "Loan Agreement").

2. The Bonds are being issued for the purposes of (i) temporarily financing a portion of the costs of the Project; and (ii) paying costs of issuance and related costs.

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be completed by Thrasher Engineering, Inc., Consulting Engineer, as described in the application submitted to the Authority, requesting the Authority to purchase the Bonds (the "Application"); (ii) the sewage system of the Issuer which will be designed as a result of the project will be adequate for the purpose for which it will be designed and, when constructed, will have an estimated useful life of at least twenty two years; (iii) prior to construction, my firm will assist the Issuer in obtaining all applicable permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (iv) in reliance upon the certificate of Bennett & Dobbins, PLLC, independent certified public accountants, of even date hereof, as of the effective date thereof, the rates and charges for the System as adopted by the Issuer and approved by the Public Service Commission of West Virginia will be sufficient to comply with the provisions of the Loan Agreement; (v) the net proceeds of the bonds, together with all other monies on deposit or to be simultaneously deposited and irrevocably pledged thereto, are sufficient to pay the costs of the Project other than the Issuer contribution and the amount deferred by the Consulting Engineer, as set forth in the Application; and (vi) attached hereto as Exhibit A is the final amended "Schedule B – Total Cost of Project and Sources of Funds" for the Project.

WITNESS my signature and seal as of the date first written above.

THRASHER ENGINEERING, INC.

(SEAL)

CLAY P. RILEY
REGISTERED
15634
STATE OF
WEST VIRGINIA
PROFESSIONAL ENGINEER

Clay Riley, P.E.
West Virginia License No. 015634

352650.00007

CH5101197

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY
SCHEDULE B
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
PROFESSIONALS LOAN

COST OF PROJECT, SOURCES OF FUNDS AND COST OF FINANCING

A. Cost of Project	Total	WDA	PSD Deferred
1. Construction	$ -	-	-
2. Technical Services			
a. Preliminary Engineering	$ 115,000.00	$ 115,000.00	$ -
b. Basic Engineering	$ 859,000.00	$ 400,000.00	$ 459,000.00
c. Inspection	$ -	$ -	$ -
d. Special Services	$ -	$ -	$ -
i. Aerial Photography	$ 36,000.00	$ 36,000.00	$ -
ii. Design/Aerial Survey	$ 115,000.00	$ 85,000.00	$ 30,000.00
iii. R-o-W Survey	$ 105,000.00	$ 75,000.00	$ 30,000.00
iv. Subsurface Investigation	$ 10,000.00	$ 10,000.00	$ -
v. Applications	$ 9,000.00	$ -	$ 9,000.00
3. Legal & Fiscal			
a. Legal	$ 85,000.00	$ 42,500.00	$ 42,500.00
b. Accounting	$ 35,000.00	$ 7,500.00	$ 27,500.00
4. Administration	$ -	$ -	$ -
5. Sites and Other Lands	$ 159,000.00	$ 100,000.00	$ 59,000.00
6. Miscellaneous			
b. Permits, Fees, Misc	$ 153,000.00	$ -	$ 153,000.00
7. Project Contingency	$ 68,500.00	$ -	$ 68,500.00
8. Total of Lines 1 through 7	$ 1,749,500.00	$ 871,000.00	$ 878,500.00
B. Cost of Financing			
9. Capitalized Interest	$ -	$ -	$ -
10. Funded Reserve	$ -	$ -	$ -
a. Bond Counsel	$ 7,000.00	$ 7,000.00	$ -
b. Bank Registrar Fee	$ 500.00	$ 500.00	
11. Total Cost of Financing	$ 7,500.00	$ 7,500.00	$ -
12. TOTAL PROJECT COST (Lines 8 + 11)	$ 1,757,000.00	$ 878,500.00	$ 878,500.00
C. Sources of Funds			
13. Federal Grants:	$ -	$ -	$ -
14. State Grants	$ -	$ -	$ -
15. Other Grants (deferral)	$ 878,500.00	$ -	$ 878,500.00
16. TOTAL GRANTS	$ 878,500.00	$ -	$ 878,500.00
17. Size of Bond Issue (Line 12 - 16)	$ 878,500.00	$ 878,500.00	$ -

William Offenhaffer
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

DATE: 6/16/10

THRASHER ENGINEEING, INC.

DATE: 6-22-10

Bennett & Dobbins PLLC

CERTIFIED PUBLIC ACCOUNTANTS

317 Cleveland Avenue
Fairmont, WV 26554-1604
Telephone: (304) 366-4295 Fax: (304) 366-4311

GARY K. BENNETT, MBA-CPA
ZACHARY D. DOBBINS, CPA

June 24, 2010

Greater Harrison County Public Service District
Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

Greater Harrison County Public Service District
West Milford, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

United States Department of Agriculture
Morgantown, West Virginia

Based upon the sewer rates and charges set forth in the Recommended Decision of the Public Service Commission of West Virginia in Case 08-0077-PSD-PC-CN and projected operation and maintenance expenses and anticipated customer usage as furnished to us by Greater Harrison County Public Service District (the "Issuer"), it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the sewerage system (the "System") of the Issuer, will (i) provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Series 2010 A Bonds and all other obligations secured by or payable from such revenues, including the Issuer' s (a) Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority); (b) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority); (c) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority); (d) Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority); (e) Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), (f) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program); (g) Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund); and (h) Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) (collectively, the "Prior Bonds").

It is further our opinion that (i) the Net Revenues for the Fiscal Year following the year in which the Series 2010 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2010 A Bonds and that (ii) the Net Revenues actually derived from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of the Series 2010 A Bonds, plus the estimated average increased annual Net Revenues to be received in each of the 3 succeeding years after the completion of the improvements to be financed by the Series 2010 A 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 Prior Bonds, the Series 2010 A Bonds.

Very truly yours,

Bennett & Dobbins PLLC

Bennett & Dobbins PLLC

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

CERTIFICATE AS TO USE OF PROCEEDS

On this 24th day of June, 2010, the undersigned Chairman of the Public Service Board of Greater Harrison County Public Service District in Harrison County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of the $878,500 Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), dated June 24, 2010 (the "Series 2010 A Bonds") hereby certifies as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Series 2010 A Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on June 16, 2010 as supplemented by Supplemental Resolution duly adopted by the Issuer on June 16, 2010 (collectively, the "Bond Resolution"), authorizing the Series 2010 A Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on June 24, 2010, the date on which the Series 2010 A Bonds are being physically delivered in exchange for an initial advance of $414,503, being a portion of the principal amount of the Series 2010 A Bonds, and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

4. In the Bond Resolution pursuant to which the Series 2010 A Bonds are issued, the Issuer has covenanted that it shall not take, or permit or suffer to be taken, any action with respect to Issuer's use of the proceeds of the Series 2010 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Internal Revenue Code of 1986, as amended, and the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (collectively, the "Code"), issued by the West Virginia Water Development Authority (the "Authority"), from which the proceeds of the Series 2010 A Bonds are derived, to lose their status as tax-exempt bonds. The Issuer hereby covenants to take all actions necessary to comply with such covenant.

5. The Series 2010 A Bonds were sold on June 24, 2010, to the Authority, pursuant to a loan agreement dated June 24, 2010, by and between the Issuer and the Authority, for an

aggregate purchase price of $878,500 (100% of par), at which time, the Issuer received $414,503 from the Authority, being a portion of the principal amount of the Series 2010 A Bonds. No accrued interest has been or will be paid on the Series 2010 A Bonds. The balance of the principal amount of the Series 2010 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Series 2010 A Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) temporarily financing a portion of the costs of design of certain improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Series 2010 A Bonds and related costs.

7. Within 30 days after the delivery of the Series 2010 A Bonds, the Issuer shall enter into agreements which require the Issuer to expend at least 5% of the net sale proceeds of the Series 2010 A Bonds for the Project, constituting a substantial binding commitment. The Project and the allocation of proceeds of the Series 2010 A Bonds to expenditures for costs of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds constituting capitalized interest, if any, and proceeds deposited in Series 2010 A Bonds Reserve Account, if any, all of the proceeds from the sale of the Series 2010 A Bonds, together with any investment earnings thereon, will be expended for payment of costs of the Project on or before January 1, 2012. The Project is expected to be completed by July 1, 2011.

8. The total cost of the Project is estimated at $1,757,000. Sources and uses of funds for the Project are as follows:

SOURCES

Gross Proceeds of the Series 2010 A Bonds	$878,500
Deferral from Issuer	$878,500
Total Sources	$1,757,000

USES

Costs of the Project	$871,000
Deferral from Issuer	$878,500
Costs of Issuance	$ 7,500
Total Uses	$1,757,000

9. Pursuant to Article V of the Bond Resolution, the following special funds or accounts have been created or continued relative to the Series 2010 A Bonds:

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

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

(3) Series 2010 A Bonds Project Fund;

(4) Series 2010 A Bonds Sinking Fund; and

(5) Series 2010 A Bonds Reserve Account.

10. Pursuant to Article VI of the Bond Resolution, the proceeds of the Series 2010 A Bonds will be deposited as follows:

(1) Series 2010 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2010 A Bonds Sinking Fund.

(2) Series 2010 A Bonds proceeds in the amount of $-0- will be deposited in the Series 2010 A Bonds Reserve Account.

(3) The balance of the proceeds of the Series 2010 A Bonds will be deposited in the Series 2010 A Bonds Project Fund as received from time to time and applied solely to payment of costs of the Project, including costs of issuance of the Series 2010 A Bonds and related costs.

11. Monies held in the Series 2010 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2010 A Bonds, and will not be available to meet costs of the Project. Monies in the Series 2010 A Bonds Reserve Account will be used only for the purpose of paying principal of and interest, if any, on the Series 2010 A Bonds, as the same shall become due, when other monies in the Series 2010 A Bonds Sinking Fund are insufficient therefor. All investment earnings on monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2010 A Bonds Project Fund during the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the Project will proceed with due diligence to completion. The Project is expected to be completed within 12 months of the date hereof.

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

14. With the exception of the amount deposited in the Series 2010 A Bonds Sinking Fund for payment of interest, if any, on the Series 2010 A Bonds, all of the proceeds of the Series 2010 A Bonds will be expended on the Project within 18 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project in whole or in part prior to the last maturity date of the Series 2010 A Bonds.

16. The amount designated as costs of issuance of the Series 2010 A Bonds consists only of costs which are directly related to and necessary for the issuance of the Series 2010 A Bonds.

17. All property financed with the proceeds of the Series 2010 A Bonds will be owned and held by (or on behalf of) a qualified governmental unit.

18. No proceeds of the Series 2010 A Bonds will be used, directly or indirectly, in any trade or business carried on by any person who is not a governmental unit.

19. The original proceeds of the Series 2010 A Bonds will not exceed the amount necessary for the purposes of the issue.

20. The Issuer shall use the Series 2010 A Bond proceeds solely for the costs of the Project, and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

21. The Series 2010 A Bonds are not federally guaranteed.

22. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Series 2010 A Bonds if such amendment is necessary to assure that the Series 2010 A Bonds remain governmental or public purpose bonds.

23. The Issuer has either (a) funded the Series 2010 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due, on the Series 2010 A Bonds in the then current or any succeeding year with the proceeds of the Series 2010 A Bonds, or (b) created the Series 2010 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2010 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due, on the Series 2010 A Bonds in the then current or any succeeding year. Monies in the Series 2010 A Bonds Sinking Fund and the Series 2010 A Bonds Reserve Account will be used solely to pay principal of and interest on the Series 2010 A Bonds and will not be available to pay costs of the Project.

24. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Series 2010 A Bonds, (b) are to be sold pursuant to a common plan of financing together with the Series 2010 A Bonds and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Series 2010 A Bonds.

25. To the best of my knowledge, information and belief, there are no other facts, estimates and circumstances which would materially change the expectations herein expressed.

26. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Series 2010 A Bonds, rebates and rebate calculations.

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

[Remainder of Page Intentionally Left Blank]

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

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

By: William Offenbacher
Its: Chairman

05.20.10
352650.00007

ORIGINAL

ENTERED
OB 99-C Page _____

981230alj020599.wpd

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
2-25-99

Entered: February 5, 1999

CASE NO. 98-1230-PSD-PC

HARRISON COUNTY COMMISSION
Petition for consent and approval to merge the Mt. Clare Road Public Service District into the Greater Harrison County Public Service District.

RECOMMENDED DECISION

On October 2, 1998, the Harrison County Commission (Harrison County) filed a petition with the Public Service Commission for approval of the merger of the Mt. Clare Road Public Service District into the Greater Harrison County Public Service District.

By Order dated October 26, 1998, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before April 29, 1999.

On November 20, 1998, Staff Attorney James V. Kelsh, Esquire, filed the Final Joint Staff Memorandum to which was attached the Final Internal Memorandum prepared by Mr. Randy Lengyel, Utilities Analyst II, Water and Wastewater Division. Staff recommended that the Commission approve the petition of the Harrison County Commission, subject to the following:

1. The Greater Harrison County Public Service District be required to place the cash assets of the Mt. Clare Road Public Service District into a separate interest-bearing account for repairs, replacements and extensions to the Mt. Clare Road Public Service District;

2. After the Mt. Clare Road Public Service District's debts are paid in full, any cash surplus should be deposited into the Mt. Clare Road Public Service District cash account;

3. Following the merger, the Greater Harrison County Public Service District should continue to charge the current rates of the Mt. Clare Road Public Service District to the former Mt. Clare Road Public Service District customers until otherwise ordered by the Commission, in accordance with Rule 31 of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle.

MRSM

5. At the hearing held in this matter on January 26, 1999, no one appeared in protest to the Harrison County Commission petition. (See Tr., p. 6).

CONCLUSION OF LAW

Since the Harrison County Commission gave notice of the hearing to be held on its petition on January 26, 1999, in accordance with the Commission's requirements and no one appeared at said hearing to give protest to the petition, the petition of the Harrison County Commission filed on October 2, 1998, seeking approval of the merger of Mt. Clare Road Public Service District into the Greater Harrison County Public Service District can be approved, subject to the Staff-recommended conditions as set forth in Appendix A to this order.

ORDER

IT IS, THEREFORE, ORDERED that the order of the Harrison County Commission, dated September 22, 1998, and filed on October 2, 1998, merging the Mt. Clare Road Public Service District into the Greater Harrison County Public Service District, be, and the same hereby is, approved, subject to the conditions as set forth in Appendix A to this order.

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

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

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

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

Robert W. Glass
Administrative Law Judge

RWG:mal
981230AA.WPD

APPENDIX A

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 98-1230-PSD-PC

HARRISON COUNTY COMMISSION.
Petition for consent and approval to merge the Mt. Clare Road Public Service District into the Greater Harrison County Public Service District.

CONDITIONS OF MERGER

1. The Greater Harrison County Public Service District shall place the cash assets of the Mt. Clare Road Public Service District into a separate interest-bearing account for repairs, replacements and extensions to the Mt. Clare Road Public Service District;

2. After the Mt. Clare Road Public Service District's debts are paid in full, any cash surplus shall be deposited into the Mt. Clare Road Public Service District cash account;

3. Following the merger, the Greater Harrison County Public Service District shall continue to charge the current rates of the Mt. Clare Road Public Service District to the former Mt. Clare Road Public Service District customers until otherwise ordered by the Commission, in accordance with Rule 31 of the Commission's Rules and Regulations for the Government of the Construction and Filing of Tariffs of Public Utilities and Common Carriers by Motor Vehicle.

Stonewood shall be described as the area encompassing the corporate boundaries of said municipalities and areas outside of the corporate boundaries currently served by existing municipal sewer lines.

2. That on September 22, 1998, at the hour of 10:00 a.m. o'clock a.m., the Harrison County Commission shall meet in the Harrison County Courthouse at Clarksburg, West Virginia, for the purpose of conducting a public hearing on the proposed merger of the Mt. Clare Road Public Service District into Greater Harrison County Public Service District, subject to the approval of the Public Service Commission of West Virginia and the agreement of the bondholders of the Mt. Clare Road Public Service District, at which time and place all persons residing in or owning or having an interest in property in the territory of the Mt. Clare Road Public Service District or in the territory of the Greater Harrison County Public Service District may appear before this County Commission and shall be provided an opportunity to be heard for or against the proposal.

3. That the Clerk of the Harrison County Commission shall cause notice of the hearing and a description of the territory of the Mt. Clare Road Public Service District to be published as a Class I legal advertisement at least ten (10) days prior to the meeting.

4. That the Clerk of the Harrison County Commission shall cause a notice of the hearing and description of the Mt. Clare Road Public Service District to be posted in at least five (5) conspicuous places within the territory of the Mt. Clare Road Public Service District and the Greater Harrison County Public Service District.

5. That the Clerk of the Harrison County commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days after the hearing set forth therein.

By the Order of the Harrison County Commission this day, August 20, 1998.

HARRISON COUNTY COMMISSION

Thomas A. Tuley
President

Commissioner

Commissioner

ATTEST:

Clerk of the County Commission

DAYTON LEGAL BLANK, INC.

County Commission

Resolution and Order Merging the Mt. Clare Road PSD into Greater Harrison County PSD

BEFORE THE COUNTY COMMISSION OF HARRISON COUNTY, WEST VIRGINIA

A RESOLUTION AND ORDER MERGING THE MT. CLARE ROAD PUBLIC SERVICE DISTRICT INTO THE GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Harrison County, West Virginia, did heretofore, by Resolution and Order adopted on August 20, 1998, propose the merger of the Mt. Clare Road Public Service District into the Greater Harrison County Public Service District; and

WHEREAS, by said August 20, 1998, Resolution and Order, the Harrison County Commission did set a hearing on the proposed merger of the Mt. Clare Public Service District into the Greater Harrison County Public Service District, required notice of said hearing to be given by Class I legal publication in Harrison County, West Virginia, and by posting of notice in at least five (5) conspicuous places within the territory of the Mt. Clare Road Public Service District, and required the Clerk of the Harrison County Commission to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia; and

WHEREAS, notice of the September 22, 1998, hearing has been given in the manner provided and required by said Resolution and Order and by West Virginia Code Chapter 16, Article 13-A, Section 2, and all interested parties have been afforded an opportunity of being heard for and against the proposed merger of the Mt. Clare Public Service District into the Greater Harrison County Public Service District, and said County Commission has given due consideration to all matters for which such hearing was offered; and

WHEREAS, it is now deemed desirous by said County Commission to adopt a Resolution and Order, subject to the approval of the Public Service Commission of West Virginia and the bondholders of the Mt. Clare Road Public Service District for the preservation of the public health, comfort and convenience of the areas presently served by said Districts.

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

1. That the County Commission of Harrison County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia and the agreement of the bondholders of the Mt. Clare Road Public Service District, merges the Mt. Clare Road Public Service District into the Greater Harrison County Public Service. The presently existing public service districts are particularly defined as the following areas:

MT. CLARE ROAD PUBLIC SERVICE DISTRICT

BEGINNING at a point on the intersection of Arnold's Run and the northerly right-of-way line of West Virginia Secondary Route 25, said point being located on the corporation line of the City of Clarksburg.

DAYTON LEGAL BLANK, INC

THENCE with said northerly right-of-way line of West Virginia Secondary Route 25 at the centerline of the B & O Railroad track south to a point southwest of the intersection of said West Virginia Secondary Route 25 and West Virginia Secondary Route 25/17;

THENCE in a straight line, northeast to a point located 250.00 feet west of the centerline of Bassel Street;

THENCE with five new lines, 250.00 feet west of and parallel to said Bassel Street in a southerly direction, a distance of 660.00 feet to a point;

THENCE with a line perpendicular to said Bassel Street, northeast to a point located on the easterly right-of-way line of said Bassel Street;

THENCE with said easterly right-of-way line Bassel Street, northwest to a point located on the southerly right-of-way line of Poplar street;

THENCE leaving said right-of-way of Bassel Street and with said southerly right-of-way line of Poplar Street, northeast 630.00 feet to a point;

THENCE with a line perpendicular to said Poplar Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District;

THENCE with a line 600.00 feet east of said West Virginia Secondary Route 25, northeast to a point located 250.00 feet south of West Virginia Secondary Route 25/27;

THENCE with 4 new lines, 250.00 feet south of and parallel to said West Virginia Secondary Route 25/27, southeast crossing Doll Run 957.00 feet to a point;

THENCE, North 52° 04' 14" East a distance of 975.00 feet to a point;

THENCE, North 30° 25' 00" West a distance of 782.00 feet to a point located 340.00 feet east of Cherry Street;

THENCE with a line 340.00 feet east and parallel to said Cherry Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District on the east property line of Custer Addition;

THENCE north with said Custer Addition and 600.00 feet east and south of said West Virginia Secondary Route 25 to a point located in the center of said Arnold's Run;

THENCE with said Arnold's Run northwest to the POINT OF BEGINNING, as shown on a map attached hereto and made a part of this description prepared by Thrasher Engineering, Inc., entitled "Map Showing Revised Boundaries of the Mount Clare Road Public Service District" dated January 1997.

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

The Greater Harrison County Public Service District sewer service area as enlarged shall be described as all the area encompassing the County of Harrison except the following service areas:

East View Public Service District
Enlarged Hepzibah Public Service District

DAYTON LEGAL BLANK, INC.

Lake Floyd Public Service District
Lumberport Public Service District
Mt. Clare Public Service District
Summit Park Public Service District
Sun Valley Public Service District
Jane Lew Public Service District
Town of Anmoore
City of Bridgeport
City of Clarksburg
Town of Nutter Fort
City of Salem
City of Shinnston
Town of Stonewood
Town of West Milford

specifically described hereinafter:

EAST VIEW PUBLIC SERVICE DISTRICT

BEGINNING at a point (#1) where the most westerly corporation limit of Anmoore crosses WV Secondary Highway 23;

THENCE with the corporation line of Anmoore in a southerly direction approximately 400 ft. to point (#2) where said Corporation limit crosses the Baltimore & Ohio Railroad tracts;

THENCE leaving the corporation line of Anmoore along a ridge in a southwesterly direction 1500 feet to a point (#3) on the ridge;

THENCE along said ridge approximately 6000 feet to a point (#4) on the most easterly corporation limit of the City of Clarksburg;

THENCE along said corporation limit in a northerly direction approximately 3000 feet to a point (#5);

THENCE leaving the corporation line of Clarksburg along a ridge in a easterly direction approximately 6000 feet to a point (#6) of intersection between a pipeline and a power line;

THENCE along the same ridge in a southerly direction approximately 5300 feet to a point (#7) on the northern corporation line of the Town of Anmoore;

THENCE following said corporation line in a westerly direction 500 feet to the northwest corner of the corporation line to point (#8) of the Town of Anmoore;

THENCE following said corporation line in a southerly direction 300 feet to the place of beginning.

DAYTON LEGAL BLANK, INC

ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT

BEGINNING at the corporate limits of the City of Clarksburg at a point on said US Route 19;

THENCE in a northerly direction along said US Route 19 to the intersection of the Crooked Run Road designated as being State Route No. 19/10;

THENCE in a northwesterly direction along said Crooked Run Road, State Route 19/10, to the Harrison County Coal-Eagle Magisterial District Line;

THENCE in a northerly direction along said Coal-Eagle Magisterial District line to its point of intersection with the Baltimore and Ohio Railroad Company Tracks;

THENCE in a northerly-direction along said railroad tracks to a point which is due west from the southern limits of the unincorporated areas of Gypsy and Hughes (see Note below);

THENCE due east to the West Fork River;

THENCE in a southerly direction along said West Fork River to the intersection of said River and the common intersection of Eagle, Clay and Simpson Magisterial District lines;

THENCE in an easterly direction along Simpson District northerly boundary to the centerline intersection of said boundary and State Route 24/11;

THENCE south 10° East 14,780 ± to northern right-of-way line of Federal Route I-79;

THENCE along said right-of-way line in a westerly direction 3,300 ± to centerline of Simpson Creek;

THENCE along centerline of Simpson Creek and 1,000 feet distant south thereof meandering in a general northwesterly direction to the intersection of a telephone cable right-of-way;

THENCE in a southerly direction along said telephone line to an angle point in said telephone line, said angle point being due east from the northern limits of the unincorporated area of Hepzibah (see Note below);

THENCE due west to a point in the West Fork River;

THENCE in a southerly direction along the meandering of said West Fork River to the corporate line of the City of Clarksburg, West Virginia;

THENCE in a westerly direction along said corporation line to the POINT OF BEGINNING.

NOTE: The above described public service district being the same as previously described with the exception of omitting "Town of",and adding "incorporated area(s) of".

LAKE FLOYD PUBLIC SERVICE DISTRICT

BEGINNING at the intersection of State Route 50/8, commonly known as Hall's Run Road, and the westerly side of controlled access right-of-way of US

DAYTON LEGAL BLANK, INC.

Route 50 and running

THENCE South 64° 30' East 370 feet to a stake;
THENCE South 33° 40' West 630 feet to a stake;
THENCE South 61° 30' West 521 feet to a stake;
THENCE South 58° 00' West 2,543 feet to a stake;
THENCE South 30° 15' West 879 feet to a stake;
THENCE South 38° 11' West 1,289 feet to a stake;
THENCE North 39° 30' West 635 feet to a stake;
THENCE North 31° 40' East 730 feet to a stake;
THENCE North 45° 23' East 148 feet to a stake;
THENCE North 25° 23' East 225 feet to a stake;
THENCE North 10° 14' East 478 feet to a stake;
THENCE North 13° 30' East 422 feet to a stake;
THENCE North 53° 41' East 831 feet to a stake;
THENCE North 42° 52' East 441 feet to a stake;
THENCE North 68° 35' East 785 feet to a stake;
THENCE North 48° 51' East 485 feet to a stake;
THENCE North 23° 57' East 235 feet to a stake;
THENCE North 73° 40' East 479 feet to a stake;
THENCE North 85° 46' East 128 feet to a stake;
THENCE North 74° 30' East 720 feet to a stake;
THENCE South 15° 30' East 250 feet to the place of beginning.

LUMBERPORT AREA PUBLIC SERVICE DISTRICT

BEGINNING at a point in the center of Tenmile Creek (said point being a corner to the Short Line Public Service District which corner bears North 62° 30' West 260 feet ± to the Chessie System Railroad tracks);

THENCE with a boundary line of the Short Line Public Service District North 62° 30' West 1,950 feet ± to a point;

THENCE leaving the Short Line Public Service District boundary North 1° 20' West 3,050 feet ± to the top of a ridge (elevation 1346 feet);

THENCE North 37° 50' East 6000 feet to a point which is 380 feet ± due west of Jack Run Road;

THENCE South 45° 30' East 2,150 feet ± to the top of a ridge;

THENCE South 55° 30' East 1,700 feet ± to a point in the center of the Lumberport-Haywood Bridge and being the center of Tenmile Creek;

THENCE with the meanders of Tenmile Creek downstream in a northeast direction 6,900 feet ± to a point in the boundary line of the Haywood Public Service District (said boundary line being the same line that divides Eagle and Clay Magisterial Districts);

THENCE with the Eagle and Clay Magisterial District line and the Haywood Public Service District boundary line in a southwesterly direction 5,400 feet ± to a

DAYTON LEGAL BLANK, INC

point in the center of Tenmile Creek;

THENCE downstream with the meanders of Tenmile Creek in a westerly direction 2,240 feet ± to a point in the Lumberport corporation line;

THENCE with the Lumberport corporation line in a southwesterly direction 3,200 feet ± to a point in the center of Tenmile Creek;

THENCE upstream with the meanders of Tenmile Creek 5,450 feet ± to the point of beginning, containing 1,167 acres.

MT. CLARE ROAD PUBLIC SERVICE DISTRICT

BEGINNING at a point on the intersection of Arnold's Run and the northerly right-of-way line of West Virginia Secondary Route 25, said point being located on the corporation line of the City of Clarksburg;

THENCE with said northerly right-of-way line of West Virginia Secondary Route 25 at the centerline of the B & O Railroad track south to a point southwest of the intersection of said West Virginia Secondary Route 25 and West Virginia Secondary Route 25/17;

THENCE in a straight line, northeast to a point located 250.00 feet west of the centerline of Bassel Street;

THENCE with five new lines, 250.00 feet west of and parallel to said Bassel Street in a southerly direction, a distance of 660.00 feet to a point;

THENCE with a line perpendicular to said Bassel Street, northeast to a point located on the easterly right-of-way line of said Bassel Street;

THENCE with said easterly right-of-way line Bassel Street, northwest to a point located on the southerly right-of-way line of Poplar Street;

THENCE leaving said right-of-way of Bassel Street and with said southerly right-of-way line of Poplar Street, northeast 630.00 feet to a point;

THENCE with a line perpendicular to said Poplar Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District;

THENCE with a line 600.00 feet east of said West Virginia Secondary Route 25, northeast to a point located 250.00 feet south of West Virginia Secondary Route 25/27;

THENCE with 4 new lines, 250.00 feet south of and parallel to said West Virginia Secondary Route 25/27, southeast crossing Doll Run 957.00 feet to a point;

THENCE North 52° 04' 14" East, a distance of 975.00 feet to a point;

THENCE North 30° 25' 00" West, a distance of 782.00 feet to a point located 340.00 feet east of Cherry Street;

THENCE with a line 340.00 feet east and parallel to said Cherry Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District on the east property line of Custer Addition;

THENCE north with said Custer Addition and 600.00 feet east and south of said West Virginia Secondary Route 25 to a point located in the center of said

DAYTON LEGAL BLANK, INC

Arnold's Run;

THENCE with said Arnold's Run northwest to the POINT OF BEGINNING, as shown on a map attached hereto and made a part of this description prepared by Thrasher Engineering, Inc., entitled "Map Showing Revised Boundaries of the Mount Clare Road Public Service District" dated January 1997.

SUMMIT PARK PUBLIC SERVICE DISTRICT

BEGINNING at a point in the Clarksburg Corporation Line, a point in the center of Murphy's Run on the north side of US Route 50;

THENCE with four lines of the said Corporation Line

North 1° West 450 feet,

North 81° West 1400 feet, to a point on the east right-of-way line of Pinnickinnick Street;

THENCE with two lines of said Pinnickinnick Street right-of-way line and Clarksburg Line

North 18° East 900 feet,

North 24° West 900 feet,

THENCE leaving said Pinnickinnick Street right-of-way line and Clarksburg Corporation Line North 48° West 1000 feet to a point on the top of the ridge;

THENCE with 12 lines along the top of the ridge;

North 5° West 2400 feet,

South 86° East 2400 feet,

South 58° East 1200 feet,

North 51° East 1000 feet,

North 14° West 700 feet,

North 23° East 600 feet,

North 31° East 900 feet,

South 51° East 1000 feet,

North 81° East 1000 feet,

North 53° East 1300 feet,

South 57° East 1200 feet,

South 43° East 2000 feet,

THENCE South 59° West 3900 feet to a centerline of the Baltimore and Ohio Railroad;

THENCE with the centerline of the railroad South 22° West 1050 feet;

THENCE leaving said railroad centerline South 52° East 2150 feet to the top of the ridge;

THENCE with the top of the ridge South 66° East 1250 feet to a point;

THENCE South 1150 feet to a point;

THENCE with a line approximately parallel with US Route 50, South 89° West 6000 feet to the beginning, containing 1010.56 acres.

DAYTON LEGAL BLANK, INC.

SUN VALLEY PUBLIC SERVICE DISTRICT

BEGINNING at a point, it being the northwesterly corner to the corporation line of the City of Clarksburg, Harrison County, West Virginia having a latitude of North 39° 17' 51" and longitude West 80° 22' 07";

THENCE with the corporate line of the City of Clarksburg South 23° 20' East 0.33 miles (1,742 feet), more or less, to the center of Old US Route 50, now Secondary State Route No. 11;

THENCE continuing with said corporate limits South 6° 20' West 3,400 feet, more or less, to a point in the District line between Clark and Coal Magisterial District;

THENCE with said District line in a westerly direction 1,100 feet to a point;

THENCE leaving said District line South 46° 10' West 4,200 feet to a point;

THENCE South 32° 05' East 2,300 feet to a point;

THENCE South 61° 50' West 10,450 feet, more or less, to the line between the Union and Clark Magisterial Districts;

THENCE with the Magisterial District line 3.7 miles (19,536) feet, more or less, to the intersection of West Virginia State Secondary Routes 33/2 and 33;

THENCE North 59° 30' West 1.7 miles (8,976 feet) to a point in the center of West Virginia State Route 31;

THENCE with State Route 31 crossing US Route 50 North 37° 10' East 1.0 mile (5,280 feet) to a point in West Virginia Secondary Route 5/14;

THENCE East 0.90 mile (4,752 feet) to the Magisterial District line between Tenmile and Clark Magisterial Districts;

THENCE with said District line 1.7 miles (8,976 feet) more or less to a point having a latitude of North 39° 18' 15" and longitude West 80° 26' 16";

THENCE East 2.6 miles (13,728 feet);

THENCE South 63° 00' East 1.4 mile (7,392 feet) to a place of beginning, containing an area of 15.06 square miles.

JANE LEW PUBLIC SERVICE DISTRICT

BEGINNING at a point on the County line between Harrison County and Lewis County, said point being on the watershed divide between McKenney Creek and Lost Creek watersheds at latitude 39° 6' 52" and longitude 80° 20' 55";

THENCE 16,000 feet, more or less, in a northeasterly direction along said watershed divide to the gap on WV Route 25 south of the Town of Lost Creek;

THENCE 4,500 feet, more or less, along the watershed divide between McKenney Run and Dick Run;

THENCE 9,000 feet, more or less, along the watershed divide between McKenney Run and Vens Run (tributaries of Hackers Creek) to the Lewis County and Harrison County line;

THENCE following said county line in an easterly direction 19,500 feet,

DAYTON LEGAL BLANK, INC

more or less, to the point of beginning.

MUNICIPAL CORPORATIONS

The sewer service area of the municipal corporations of Anmoore, Bridgeport, Clarksburg, Nutter Fort, Salem, Shinnston and Stonewood shall be described as the area encompassing the corporate boundaries of said municipalities and areas outside of the corporate boundaries currently served by existing municipal sewer lines.

2. That the Clerk of the Harrison County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission not less than ten (10) days following the adoption thereof.

Entered into the permanent record of Harrison County, West Virginia, this the 22nd day of September, 1998.

HARRISON COUNTY COMMISSION

Thomas A. Tucky
President

Roger L. Dray
Commissioner

Commissioner

ATTEST:

County Clerk

9

It is ordered that the Commission be adjourned until Tuesday, September 29, 1998 at 10:00 o'clock .a.m.

President

DAYTON LEGAL BLANK INC.

County Commission

Resolution and Order - Merger of Mt. Clare Road PSD into Greater Harrison County PSD - Setting Date for Hearing

BEFORE THE COUNTY COMMISSION OF HARRISON COUNTY

A RESOLUTION AND ORDER PROPOSING THE MERGER OF THE MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT INTO THE GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT; FIXING A DATE OF HEARING ON THE PROPOSED MERGER; PROVIDING FOR NOTICE OF SUCH HEARING

WHEREAS, the County Commission of Harrison County deems it necessary and desirable to merge, where practicable, the public service districts in Harrison County to provide both better and more cost-effective service to the residents of Harrison County, and

WHEREAS, the Board of the Mt. Clare Road Public Service District has petitioned the Harrison County Commission to merge the Mt. Clare Road Public Service District into the Greater Harrison County Public Service District, and

WHEREAS, the Public Service Commission of West Virginia has recommended the merger of the Mt. Clare Road Public Service District into the Greater Harrison County Public Service District, and

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, the Harrison County Commission is empowered to, upon its own motion by order duly adopted, propose the merger of public service districts located within the County in order to preserve the public health, comfort and convenience of the areas within the public service districts, and

WHEREAS, the Harrison County Commission, after considerable deliberation, has decided that the proposed merger of Mt. Clare Road Public Service District into the Greater Harrison County Public Service District, subject to the approval of the Public Service Commission of West Virginia an the agreement of the bondholders of the Mt. Clare Road Public Service District, is necessary for the preservation of the public health, comfort and convenience for the areas presently served by the said Districts.

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

1. That the County Commission of Harrison County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia and the agreement of the bondholders of the Mt. Clare Road Public Service District, proposes the merger of the Mt. Clare Road Public Service District into Greater Harrison County Public Service District. The presently existing public service districts are particularly defined as the following areas:

DAYTON LEGAL BLANK, INC.

MT. CLARE ROAD PUBLIC SERVICE DISTRICT

BEGINNING at a point on the intersection of Arnold's Run and the northerly right-of-way line of West Virginia Secondary Route 25, said point being located on the corporation line of the City of Clarksburg;

THENCE with said northerly right-of-way line of West Virginia Secondary Route 25 at the centerline of the B & O Railroad track south to a point southwest of the intersection of said West Virginia Secondary Route 25 and West Virginia Secondary Route 25/17;

THENCE in a straight line, northeast to a point located 250.00 feet west of the centerline of Bassel Street;

THENCE with five new lines, 250.00 feet west of and parallel to said Bassel Street in a southerly direction, a distance of 660.00 feet to a point;

THENCE with a line perpendicular to said Bassel Street, northeast to a point located on the easterly right-of-way line of said Bassel Street;

THENCE with said easterly right-of-way line Bassel Street, northwest to a point located on the southerly right-of-way line of Poplar street;

THENCE leaving said right-of-way of Bassel Street and with said southerly right-of-way line of Poplar Street, northeast 630.00 feet to a point;

THENCE with a line perpendicular to said Poplar Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District;

THENCE with a line 600.00 feet east of said West Virginia Secondary Route 25, northeast to a point located 250.00 feet south of West Virginia Secondary Route 25/27;

THENCE with 4 new lines, 250.00 feet south of and parallel to said West Virginia Secondary Route 25/27, southeast crossing Doll Run 957.00 feet to a point;

THENCE, North 52° 04' 14" East a distance of 975.00 feet to a point;

THENCE, North 30° 25' 00" West a distance of 782.00 feet to a point located 340.00 feet east of Cherry Street;

THENCE with a line 340.00 feet east and parallel to said Cherry Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District on the east property line of Custer Addition;

THENCE north with said Custer Addition and 600.00 feet east and south of said West Virginia Secondary Route 25 to a point located in the center of said Arnold's Run;

THENCE with said Arnold's Run northwest to the POINT OF BEGINNING, as shown on a map attached hereto and made a part of this description prepared by Thrasher Engineering, Inc., entitled "Map Showing Revised Boundaries of the Mount Clare Road Public Service District" dated January 1997.

DAYTON LEGAL BLANK, INC

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

The Greater Harrison County Public Service District sewer service area as enlarged shall be described as all the area encompassing the County of Harrison except the following service areas:

East View Public Service District
Enlarged Hepzibah Public Service District
Lake Floyd Public Service District
Lumberport Public Service District
Mt. Clare Public Service District
Summit Park Public Service District
Sun Valley Public Service District
Jane Lew Public Service District
Town of Anmoore
City of Bridgeport
City of Clarksburg
Town of Nutter Fort
City of Salem
City of Shinnston
Town of Stonewood
Town of West Milford

specifically described hereinafter:

EAST VIEW PUBLIC SERVICE DISTRICT

BEGINNING at a point (#1) where the most westerly corporation limit of Anmoore crosses WV Secondary Highway 23;

THENCE with the corporation line of Anmoore in a southerly direction approximately 400 ft. to point (#2) where said Corporation limit crosses the Baltimore & Ohio Railroad tracts;

THENCE leaving the corporation line of Anmoore along a ridge in a southwesterly direction 1500 feet to a point (#3) on the ridge;

THENCE along said ridge approximately 6000 feet to a point (#4) on the most easterly corporation limit of the City of Clarksburg;

THENCE along said corporation limit in a northerly direction approximately 3000 feet to a point (#5);

THENCE leaving the corporation line of Clarksburg along a ridge in a easterly direction approximately 6000 feet to a point (#6) of intersection between a pipeline and a power line;

THENCE along the same ridge in a southerly direction approximately 5300 feet to a point (#7) on the northern corporation line of the Town of Anmoore;

DAYTON LEGAL BLANK, INC.

THENCE following said corporation line in a westerly direction 500 feet to the northwest corner of the corporation line to point (#8) of the Town of Anmoore:

THENCE following said corporation line in a southerly direction 300 feet to the place of beginning.

ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT

BEGINNING at the corporate limits of the City of Clarksburg at a point on said US Route 19;

THENCE in a northerly direction along said US Route 19 to the intersection of the Crooked Run Road designated as being State Route No. 19/10;

THENCE in a northwesterly direction along said Crooked Run Road, State Route 19/10, to the Harrison County Coal-Eagle Magisterial District Line;

THENCE in a northerly direction along said Coal-Eagle Magisterial District line to its point of intersection with the Baltimore and Ohio Railroad Company Tracks;

THENCE in a northerly direction along said railroad tracks to a point which is due west from the southern limits of the unincorporated areas of Gypsy and Hughes (see Note below);

THENCE due east to the West Fork River;

THENCE in a southerly direction along said West Fork River to the intersection of said River and the common intersection of Eagle, Clay and Simpson Magisterial District lines;

THENCE in an easterly direction along Simpson District northerly boundary to the centerline intersection of said boundary and State Route 24/11;

THENCE south 10° East 14,780 ± to northern right-of-way line of Federal Route I-79;

THENCE along said right-of-way line in a westerly direction 3,300 ± to centerline of Simpson Creek;

THENCE along centerline of Simpson Creek and 1,000 feet distant south thereof meandering in a general northwesterly direction to the intersection of a telephone cable right-of-way;

THENCE in a southerly direction along said telephone line to an angle point in said telephone line, said angle point being due east from the northern limits of the unincorporated area of Hepzibah (see Note below);

THENCE due west to a point in the West Fork River;

THENCE in a southerly direction along the meandering of said West Fork River to the corporate line of the City of Clarksburg, West Virginia;

DAYTON LEGAL BLANK, INC.

THENCE in a westerly direction along said corporation line to the POINT OF BEGINNING.

NOTE: The above described public service district being the same as previously described with the exception of omitting "Town of", and adding "incorporated area(s) of".

LAKE FLOYD PUBLIC SERVICE DISTRICT

BEGINNING at the intersection of State Route 50/8, commonly known as Hall's Run Road, and the westerly side of controlled access right-of-way of US Route 50 and running

THENCE South 64° 30' East 370 feet to a stake;
THENCE South 33° 40' West 630 feet to a stake;
THENCE South 61° 30' West 521 feet to a stake;
THENCE South 58° 00' West 2,543 feet to a stake;
THENCE South 30° 15' West 879 feet to a stake;
THENCE South 38° 11' West 1,289 feet to a stake;
THENCE North 39° 30' West 635 feet to a stake;
THENCE North 31° 40' East 730 feet to a stake;
THENCE North 45° 23' East 148 feet to a stake;
THENCE North 25° 23' East 225 feet to a stake;
THENCE North 10° 14' East 478 feet to a stake;
THENCE North 13° 30' East 422 feet to a stake;
THENCE North 53° 41' East 831 feet to a stake;
THENCE North 42° 52' East 441 feet to a stake;
THENCE North 68° 35' East 785 feet to a stake;
THENCE North 48° 51' East 485 feet to a stake;
THENCE North 23° 57' East 235 feet to a stake;
THENCE North 73° 40' East 479 feet to a stake;
THENCE North 85° 46' East 128 feet to a stake;
THENCE North 74° 30' East 720 feet to a stake;
THENCE South 15° 30' East 250 feet to the place of beginning.

LUMBERPORT AREA PUBLIC SERVICE DISTRICT

BEGINNING at a point in the center of Tenmile Creek (said point being a corner to the Short Line Public Service District which corner bears North 62° 30' West 260 feet ± to the Chessie System Railroad tracks);

THENCE with a boundary line of the Short Line Public Service District North 62° 30' West 1,950 feet ± to a point;

THENCE leaving the Short Line Public Service District boundary North 1° 20' West 3,050 feet ± to the top of a ridge (elevation 1346 feet);

DAYTON LEGAL BLANK, INC.

THENCE North 37° 50' East 6000 feet to a point which is 380 feet ± due west of Jack Run Road;

THENCE South 45° 30' East 2,150 feet ± to the top of a ridge;

THENCE South 55° 30' East 1,700 feet ± to a point in the center of the Lumberport-Haywood Bridge and being the center of Tenmile Creek;

THENCE with the meanders of Tenmile Creek downstream in a northeast direction 6,900 feet ± to a point in the boundary line of the Haywood Public Service District (said boundary line being the same line that divides Eagle and Clay Magisterial Districts);

THENCE with the Eagle and Clay Magisterial District line and the Haywood Public Service District boundary line in a southwesterly direction 5,400 feet ± to a point in the center of Tenmile Creek;

THENCE downstream with the meanders of Tenmile Creek in a westerly direction 2,240 feet ± to a point in the Lumberport corporation line;

THENCE with the Lumberport corporation line in a southwesterly direction 3,200 feet ± to a point in the center of Tenmile Creek;

THENCE upstream with the meanders of Tenmile Creek 5,450 feet ± to the point of beginning, containing 1,167 acres.

MT. CLARE ROAD PUBLIC SERVICE DISTRICT

BEGINNING at a point on the intersection of Arnold's Run and the northerly right-of-way line of West Virginia Secondary Route 25, said point being located on the corporation line of the City of Clarksburg;

THENCE with said northerly right-of-way line of West Virginia Secondary Route 25 at the centerline of the B & O Railroad track south to a point southwest of the intersection of said West Virginia Secondary Route 25 and West Virginia Secondary Route 25/17;

THENCE in a straight line, northeast to a point located 250.00 feet west of the centerline of Bassel Street;

THENCE with five new lines, 250.00 feet west of and parallel to said Bassel Street in a southerly direction, a distance of 660.00 feet to a point;

THENCE with a line perpendicular to said Bassel Street, northeast to a point located on the easterly right-of-way line of said Bassel Street;

THENCE with said easterly right-of-way line Bassel Street, northwest to a point located on the southerly right-of-way line of Poplar Street;

DAYTON LEGAL BLANK, INC.

THENCE leaving said right-of-way of Bassel Street and with said southerly right-of-way line of Poplar Street, northeast 630.00 feet to a point;

THENCE with a line perpendicular to said Poplar Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District;

THENCE with a line 600.00 feet east of said West Virginia Secondary Route 25, northeast to a point located 250.00 feet south of West Virginia Secondary Route 25/27;

THENCE with 4 new lines, 250.00 feet south of and parallel to said West Virginia Secondary Route 25/27, southeast crossing Doll Run 957.00 feet to a point;

THENCE North 52° 04' 14" East, a distance of 975.00 feet to a point;

THENCE North 30° 25' 00" West, a distance of 782.00 feet to a point located 340.00 feet east of Cherry Street;

THENCE with a line 340.00 feet east and parallel to said Cherry Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District on the east property line of Custer Addition;

THENCE north with said Custer Addition and 600.00 feet east and south of said West Virginia Secondary Route 25 to a point located in the center of said Arnold's Run;

THENCE with said Arnold's Run northwest to the POINT OF BEGINNING, as shown on a map attached hereto and made a part of this description prepared by Thrasher Engineering, Inc., entitled "Map Showing Revised Boundaries of the Mount Clare Road Public Service District" dated January 1997.

SUMMIT PARK PUBLIC SERVICE DISTRICT

BEGINNING at a point in the Clarksburg Corporation Line, a point in the center of Murphy's Run on the north side of US Route 50;

THENCE with four lines of the said Corporation Line

North 1° West 450 feet,

North 81° West 1400 feet, to a point on the east right-of-way line of Pinnickinnick Street;

THENCE with two lines of said Pinnickinnick Street right-of-way line and Clarksburg Line

North 18° East 900 feet,

North 24° West 900 feet,

THENCE leaving said Pinnickinick Street right-of-way line and Clarksburg Corporation Line North 48° West 1000 feet to a point on the top of the ridge;

THENCE with 12 lines along the top of the ridge;

North 5° West 2400 feet,
South 86° East 2400 feet,
South 58° East 1200 feet,
North 51° East 1000 feet,
North 14° West 700 feet,
North 23° East 600 feet,
North 31° East 900 feet,
South 51° East 1000 feet,
North 81° East 1000 feet,
North 53° East 1300 feet,
South 57° East 1200 feet,
South 43° East 2000 feet,

THENCE South 59° West 3900 feet to a centerline of the Baltimore and Ohio Railroad;

THENCE with the centerline of the railroad South 22° West 1050 feet;

THENCE leaving said railroad centerline South 52° East 2150 feet to the top of the ridge;

THENCE with the top of the ridge South 66° East 1250 feet to a point;

THENCE South 1150 feet to a point;

THENCE with a line approximately parallel with US Route 50, South 89° West 6000 feet to the beginning, containing 1010.56 acres.

SUN VALLEY PUBLIC SERVICE DISTRICT

BEGINNING at a point, it being the northwesterly corner to the corporation line of the City of Clarksburg, Harrison County, West Virginia having a latitude of North 39° 17' 51" and longitude West 80° 22' 07";

THENCE with the corporate line of the City of Clarksburg South 23° 20' East 0.33 miles (1,742 feet), more or less, to the center of Old US Route 50, now Secondary State Route No. 11;

THENCE continuing with said corporate limits South 6° 20' West 3,400 feet, more or less, to a point in the District line between Clark and Coal Magisterial District;

THENCE with said District line in a westerly direction 1,100 feet to a point;

DAYTON LEGAL BLANK, INC.

THENCE leaving said District line South 46° 10' West 4,200 feet to a point;

THENCE South 32° 05' East 2,300 feet to a point;

THENCE South 61° 50' West 10,450 feet, more or less, to the line between the Union and Clark Magisterial Districts;

THENCE with the Magisterial District line 3.7 miles (19,536) feet, more or less, to the intersection of West Virginia State Secondary Routes 33/2 and 33;

THENCE North 59° 30' West 1.7 miles (8,976 feet) to a point in the center of West Virginia State Route 31;

THENCE with State Route 31 crossing US Route 50 North 37° 10' East 1.0 mile (5,280 feet) to a point in West Virginia Secondary Route 5/14;

THENCE East 0.90 mile (4,752 feet) to the Magisterial District line between Tenmile and Clark Magisterial Districts;

THENCE with said District line 1.7 miles (8,976 feet) more or less to a point having a latitude of North 39° 18' 15" and longitude West 80° 26' 16";

THENCE East 2.6 miles (13,728 feet);

THENCE South 63° 00' East 1.4 mile (7,392 feet) to a place of beginning, containing an area of 15.06 square miles.

JANE LEW PUBLIC SERVICE DISTRICT

BEGINNING at a point on the County line between Harrison County and Lewis County, said point being on the watershed divide between McKenney Creek and Lost Creek watersheds at latitude 39° 6' 52" and longitude 80° 20' 55";

THENCE 16,000 feet, more or less, in a northeasterly direction along said watershed divide to the gap on WV Route 25 south of the Town of Lost Creek;

THENCE 4,500 feet, more or less, along the watershed divide between McKenney Run and Dick Run;

THENCE 9,000 feet, more or less, along the watershed divide between McKenney Run and Vens Run (tributaries of Hackers Creek) to the Lewis County and Harrison County line;

THENCE following said county line in an easterly direction 19,500 feet, more or less, to the point of beginning.

MUNICIPAL CORPORATIONS

The sewer service area of the municipal corporations of Anmoore, Bridgeport, Clarksburg, Nutter Fort, Salem, Shinnston and

BEFORE THE COUNTY COMMISSION OF HARRISON COUNTY

A RESOLUTION AND ORDER CHANGING THE NAME OF GRANT UNION PUBLIC SERVICE DISTRICT TO GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND ENLARGING THE SEWER SERVICE AUTHORITY OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Harrison County, West Virginia, did heretofore, by Resolution and Order adopted on March 20, 1997, propose the name change of Grant Union Public Service District to Greater Harrison County Public Service District; the merger of Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service District into Greater Harrison County Public Service District and the enlargement of the sewer service authority of Greater Harrison County Public Service District to include all areas within Harrison County not provided sewer service by another public service district or incorporated municipality; and,

WHEREAS, by said March 20, 1997, Resolution and Order, the Harrison County Commission did set a hearing on the proposed change of the name of the Grant Union Public Service District to Greater Harrison County Public Service District; the merger of Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service District into Greater Harrison County Public Service District; and the enlargement of the sewer authority of Greater Harrison County Public Service District to include all areas within Harrison County not provided sewer service by another public service district or incorporated municipality, required notice of said hearing be given by Class I legal publication in Harrison County and by posting of notice in at least five (5) conspicuous places within the territory of each of the respective districts, and required the Clerk of the Harrison County Commission to cause a copy of the Resolution and Order to be filed with the Executive Secretary of the Public Service Commission;

WHEREAS, following the adoption of the aforementioned Resolution and Order on March 20, 1997, the County Commission of Harrison County discovered that the aforementioned resolution erroneously excluded the Town of West Milford from the enlarged sewer service authority area of the Greater Harrison County Public Service District. The Town of West Milford is presently included in the sewer service area of Grant Union Public Service District. Accordingly, upon the creation of Greater Harrison County Public Service District, the Town of West Milford will necessarily be included in the sewer service authority area of Greater Harrison County Public Service District. This Resolution and Order properly reflects that the Town of West Milford is included within the sewer service authority area of Greater Harrison County Public Service District.

WHEREAS, notice of the April 15, 1997, hearing has been given in the manner provided and required by said Resolution and Order and by West Virginia Code § 16-13A-2, and all interested parties have been afforded an opportunity of being heard for and against the change of the name of Grant Union Public Service District to Greater Harrison County Public Service District; the merger of Lost Creek-Mt. Clare Public Service District and Valley of Good Hope

ENLARGEMENT OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

The Greater Harrison County Public Service District sewer service area as enlarged shall be described as all the area encompassing the County of Harrison except the following service areas:

East View Public Service District
Enlarged Hepzibah Public Service District
Lake Floyd Public Service District
Lumberport Public Service District
Mt. Clare Public Service District
Summit Park Public Service District
Sun Valley Public Service District
Jane Lew Public Service District
Town of Anmoore
City of Bridgeport
City of Clarksburg
Town of Nutter Fort
City of Salem
City of Shinnston
Town of Stonewood

Specifically described hereinafter:

EAST VIEW PUBLIC SERVICE DISTRICT

BEGINNING at a point (#1) where the most westerly Corporation limit of Anmoore crosses WV Secondary Highway 23;

THENCE with the Corporation line of Anmoore in a southerly direction approximately 400 ft. to point (#2) where said Corporation limit crosses the Baltimore & Ohio Railroad tracks;

THENCE leaving the Corporation line of Anmoore along a ridge in a southwesterly direction 1500 feet to a point (#3) on the ridge;

THENCE along said ridge approximately 6000 feet to a point (#4) on the most easterly Corporation limit of the City of Clarksburg;

THENCE along said Corporation limit in a northerly direction approximately 3000 feet to a point (#5);

THENCE leaving the Corporation line of Clarksburg along a ridge in a easterly direction approximately 6000 feet to a point (#6) of intersection between a pipeline and a power line;

THENCE along the same ridge in a southerly direction approximately 5300 feet to a point (#7) on the northern Corporation line of the Town of Anmoore;

THENCE following said Corporation line in a westerly direction 500 feet to the northwest corner of the corporation line to point (#8) of the Town of Anmoore;

THENCE following said Corporation line in a southerly direction 300 feet to place of beginning.

ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT

BEGINNING at the Corporate limits of the City of Clarksburg at a point on said US Route No. 19;

THENCE in a northerly direction along said US Route No. 19 to the intersection of the Crooked Run Road designated as being State Route No. 19/10;

THENCE in a northwesterly direction along said Crooked Run Road, State Route 19/10, to the Harrison County Coal-Eagle Magisterial District Line;

THENCE in a northerly direction along said Coal-Eagle Magisterial District line to its point of intersection with the Baltimore and Ohio Railroad Company Tracks;

THENCE in a northerly direction along said railroad tracks to a point which is due West from the southern limits of the Town of Gypsy (to include all of the Town of Hughs):

THENCE due East to the West Fork River;

THENCE in a southerly direction along said West Fork River to the intersection of said River and the common intersection of Eagle, Clay, and Simpson Magisterial District lines;

THENCE in an easterly direction along Simpson District northerly boundary to the centerline intersection of said boundary and State Route 24/11;

THENCE south 10° East 14,780 ± to northern right-of-way line of Federal Route I-79;

THENCE along said right-of-way line in a westerly direction 3,300 feet ± to centerline of Simpson Creek;

THENCE along centerline of Simpson Creek and 1,000 feet distant south thereof meandering in a general north westerly direction to the intersection of a telephone cable right-of-way;

THENCE in a southerly direction along said telephone line to an angle point in said telephone line, said angle point being due East from the Northern limits of the Town of Hepzibah;

THENCE due West to a point in the West Fork River;

THENCE in a southerly direction along the meandering of said West Fork River to the Corporate line of the City of Clarksburg, West Virginia;

THENCE in a westerly direction along said Corporation line to the point of beginning.

LAKE FLOYD PUBLIC SERVICE DISTRICT

BEGINNING at the intersection of State Route 50/8, commonly known as Hall's Run Road and the westerly side of controlled access right-of-way of United States Route 50 and running;

THENCE South 64° 30' East 370 feet to a stake;
THENCE South 33° 40' West 630 feet to a stake;
THENCE South 61° 30' West 521 feet to a stake;
THENCE South 58° 00' West 2,543 feet to a stake;
THENCE South 30° 15' West 879 feet to a stake;
THENCE South 38° 11' West 1,289 feet to a stake;
THENCE North 39° 30' West 635 feet to a stake;
THENCE North 31° 40' East 730 feet to a stake;
THENCE North 45° 23' East 148 feet to a stake;
THENCE North 25° 23' East 225 feet to a stake;
THENCE North 10° 14' East 478 feet to a stake;
THENCE North 13° 30' East 422 feet to a stake;
THENCE North 53° 41' East 831 feet to a stake;
THENCE North 42° 52' East 441 feet to a stake;
THENCE North 68° 35' East 785 feet to a stake;
THENCE North 48° 51' East 485 feet to a stake;
THENCE North 23° 57' East 235 feet to a stake;
THENCE North 73° 40' East 479 feet to a stake;
THENCE North 85° 46' East 128 feet to a stake;
THENCE North 74° 30' East 720 feet to a stake;

THENCE South 15° 30' East 250 feet to the place of beginning.

LUMBERPORT AREA PUBLIC SERVICE DISTRICT

BEGINNING at a point in the center of Tenmile Creek (said point being a corner to the Short Line Public Service District

which corner bears North 62° 30' West 260 feet ± to the Chessie System Railroad tracks);

THENCE with a boundary line of the Short Line Public Service District North 62° 30' West 1,950 feet ± to a point;

THENCE leaving the Short Line Public Service District boundary North 1° 20' West 3,050 feet ± to the top of a ridge (elevation 1346');

THENCE North 37° 50' East 6,000 feet to a point which is 380 feet ± due west of Jack Run Road;

THENCE South 45° 30' East 2,150 feet ± to the top of a ridge;

THENCE South 55° 30' East 1,700 feet ± to a point in the center of the Lumberport-Haywood Bridge and being the center of Tenmile Creek;

THENCE with the meanders of Tenmile Creek downstream in a northeast direction 6,900 feet ± to a point in the boundary line of the Haywood Public Service District (said boundary line being the same line that divides Eagle and Clay Magisterial Districts);

THENCE with the Eagle and Clay Magisterial District line and the Haywood Public Service District boundary line in a southwesterly direction 5,400 feet ± to a point in the center of Tenmile Creek;

THENCE downstream with the meanders of Tenmile Creek in a westerly direction 2,240 feet ± to a point in the Lumberport corporation line;

THENCE with the Lumberport corporation line in a southwesterly direction 3,200 feet ± to a point in the center of Tenmile Creek;

THENCE upstream with the meanders of Tenmile Creek 5,450 feet ± to the point of beginning, containing 1,167 acres.

MT. CLARE ROAD PUBLIC SERVICE DISTRICT

BEGINNING at a point on the intersection of Arnold's Run and the northerly right-of-way line of West Virginia Secondary Route 25, said point being located on the corporation line of the City of Clarksburg;

THENCE with said northerly right-of-way line of West Virginia Secondary Route 25 at the centerline of the B & O Railroad track south to a point southwest of the intersection of said West Virginia Secondary Route 25 and West Virginia Secondary Route 25/17;

THENCE in a straight line, northeast to a point located 250.00 feet west of the centerline of Bassel Street;

THENCE with five new lines, 250.00 feet west of and parallel to said Bassel Street in a southerly direction, a distance of 660.00 feet to a point;

THENCE with a line perpendicular to said Bassel Street, northeast to a point located on the easterly right-of-way line of said Bassel Street;

THENCE with said easterly right-of-way line Bassel Street, northwest to a point located on the southerly right-of-way line of Poplar Street;

THENCE leaving said right-of-way of Bassel Street and with said southerly right-of-way line of Poplar Street, northeast 630.00 feet to a point;

THENCE with a line perpendicular to said Poplar Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District;

THENCE with a line 600.00 feet east of said West Virginia Secondary Route 25, northeast to a point located 250.00 feet south of West Virginia Secondary Route 25/27;

THENCE with 4 new lines, 250.00 feet south of and parallel to said West Virginia Secondary Route 25/27, southeast crossing Doll Run 957.00 feet to a point;

THENCE North 52° 04' 14" East, a distance of 975.00 feet to a point;

THENCE North 30° 25' 00" West, a distance of 782.00 feet to a point located 340.00 feet east of Cherry Street;

THENCE with a line 340.00 feet east and parallel to said Cherry Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District on the east property line of Custer Addition;

THENCE north with said Custer Addition and 600.00 feet east and south of said West Virginia Secondary Route 25 to a point located in the center of said Arnold's Run;

THENCE with said Arnold's Run northwest to the POINT OF BEGINNING, as shown on a map attached hereto and made a part of this description prepared by Thrasher Engineering, Inc. entitled "Map Showing Revised Boundaries of the Mount Clare Road Public Service District" dated January, 1997.

SUMMIT PARK PUBLIC SERVICE DISTRICT

BEGINNING at a point in the Clarksburg Corporation Line, a point in the center of Murphy's Run on the north side of US Route 50;

THENCE with four lines of the said Corporation Line

North 1° West 450 feet,

North 81° West 1400 feet, to a point on the east right-of-way line of Pinnickinnick Street;

THENCE with two lines of said Pinnickinnick Street right-of-way line and Clarksburg Line

North 18° East 900 feet,

North 24° West 900 feet;

THENCE leaving said Pinnickinnick Street right-of-way line and Clarksburg Corporation Line North 48° West 1000 feet to a point on the top of the ridge;

THENCE with 12 lines along the top of the ridge;

North 5° West 2400 feet;
South 86° East 2400 feet;
South 58° East 1200 feet;
North 51° East 1000 feet;
North 14° West 700 feet;
North 23° East 600 feet;
North 31° East 900 feet;
South 51° East 1000 feet;
North 81° East 1000 feet;
North 53° East 1300 feet;
South 57° East 1200 feet;
South 43° East 2000 feet;

THENCE South 59° West 3900 feet to a centerline of the Baltimore and Ohio Railroad;

THENCE with the centerline of the railroad South 22° West 1050 feet;

THENCE leaving said railroad centerline South 52° East 2150 feet to the top of the ridge;

THENCE with the top of the ridge South 66° East 1250 feet to a point;

THENCE South 1150 feet to a point;

THENCE with a line approximately parallel with US Route 50, South 89° West 6000 feet to the beginning, containing 1010.56 acres.

SUN VALLEY PUBLIC SERVICE DISTRICT

BEGINNING at a point, it being the Northwesterly corner to the corporation line of the City of Clarksburg, Harrison County, West Virginia, having a latitude North 39° 17' 51" and longitude West 80° 22' 07";

THENCE with the corporate line of the City of Clarksburg South 23° 20' East 0.33 miles (1,742 feet), more or less, to the center of Old US Route No. 50 now Secondary State Route No. 11;

THENCE continuing with said corporate limits South 6° 20' West 3,400 feet, more or less, to a point in the District line between Clark and Coal Magisterial Districts;

THENCE with said District line in a westerly direction 1,100 feet to a point;

THENCE leaving said District line South 46° 10' West 4,200 feet to a point;

THENCE South 32° 05' East 2,300 feet to a point;

THENCE South 61° 50' West 10,450 feet, more or less, to the line between the Union and Clark Magisterial Districts;

THENCE with the Magisterial District line 3.7 miles (19,536 feet), more or less, to the intersection of West Virginia State Secondary Routes 33/2 and 33;

THENCE North 59° 30' West 1.7 miles (8,976 feet) to a point in the center of West Virginia State Route 31;

THENCE with State Route 31 crossing US Route 50 North 37° 10' East 1.0 mile (5,280 feet) to a point in West Virginia Secondary Route 5/14;

THENCE East 0.90 mile (4,752 feet) to the Magisterial District line between Ten Mile and Clark Magisterial Districts;

THENCE with said District line 1.7 miles (8,976 feet), more or less, to a point having a latitude of North 39° 18' 15" and longitude West 80° 26' 16";

THENCE East 2.6 miles (13,728 feet);

THENCE South 63° 00' East 1.4 mile (7,392 feet) to a place of beginning, containing an area of 15.06 square miles.

JANE LEW PUBLIC SERVICE DISTRICT

BEGINNING at a point on the county line between Harrison County and Lewis County, said point being on the watershed divide between McKenney Creek and Lost Creek watersheds at latitude 39° 6' 52" and longitude 80° 20' 55";

THENCE 16,000 feet, more or less, in a northeasterly direction along said watershed divide to the gap on WV Route 25 south of the Town of Lost Creek;

THENCE 4,500 feet, more or less, along the watershed divide between McKenny Run and Dick Run;

THENCE 9,000 feet, more or less, along the watershed divide between McKenny Run and Vens Run (tributaries of Hackers Creek) to the Lewis County and Harrison County line;

THENCE following said county line in an easterly direction 19,500 feet, more or less, to the point of beginning.

MUNICIPAL CORPORATIONS

The sewer service area of the municipal corporations of Anmoore, Bridgeport, Clarksburg, Nutter Fork, Salem, Shinnston, and Stonewood shall be described as the area encompassing the corporate boundaries of said municipalities and areas outside of the corporate boundaries currently served by existing municipal sewer lines.

3. The Resolution and Order of this Commission adopted on March 20, 1997, proposing the actions undertaken by this Resolution and Order is hereby amended to reflect the inclusion of the Town of West Milford in the sewer service authority area of Greater Harrison County Public Service District.

4. The proposal to merge Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service District into Greater Harrison County Public Service District is hereby taken under advisement by this Commission for further consideration and review.

5. That the Clerk of the County Commission of Harrison County shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days following the adoption hereof.

Entered into the permanent record of Harrison County, West Virginia, this 15th day of April, 1997.

COUNTY COMMISSION OF
HARRISON COUNTY, WEST VIRGINIA

Thomas A. Feeley
PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

04/23/97
RESOLUTION.06

Entered into the permanent record of Harrison County, West Virginia, this 15th day of April, 1997.

COUNTY COMMISSION OF
HARRISON COUNTY, WEST VIRGINIA

Thomas A. Feeley
PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

04/21/97
RESOLUTION.06

comfort and convenience of the areas currently within the territory of t two districts. Harrison County established a hearing date of Apri 1997. Harrison County published notice of the Harrison County hearing submitted the publication affidavit to the Commission on May 7, 1997.

The fourth resolution proposed changing the name of the Grant Uni Public Service District to the Greater Harrison County Public Servi District. The resolution would also merge the Lost Creek-Mt. Clare Publ Service District and the Valley of Good Hope Public Service District in the new Greater Harrison County Public Service District. The resoluti also expands the service territory of the new Greater Harrison County Publ Service District to include all areas within Harrison County not provid sewer service by another public service district or incorporat municipality. Harrison County established a hearing date of April 15, 19 Harrison County published notice of the Harrison County hearing. submitted the publication affidavit to the Commission on May 7, 1997.

The fifth resolution proposed the dissolution of the sewer authority the Bingamon Public Service District, the Lost Creek-Mt. Clare Publ Service District, the Quiet Dell Public Service District, the Short L Public Service District and the Valley of Good Hope Public Service Distri Harrison County indicated that none of these districts currently have se facilities. Harrison County believes that the dissolution of se authority is necessary to preserve the health, comfort and convenience the residents who live in the service territories of the distric Harrison County established a hearing date of April 15, 1997. Harri County published notice of the Harrison County hearing. It submitted publication affidavit to the Commission on May 7, 1997.

The sixth resolution proposed the reduction in the boundaries of Short Line Public Service District. Harrison County believes that suc reduction is necessary to preserve the health, comfort and convenience the residents of the District. Harrison County set a hearing date of Ap 10, 1997. Harrison County published notice of the hearing. It submit the publication affidavit to the Commission on May 7, 1997.

On April 17, 1997, Harrison County filed resolutions which indica that hearings were held as scheduled concerning all of the resoluti described above except the fourth resolution. Harrison County indica that, after proper publication and hearing, it determined that resolutions should be adopted.

On April 17, 1997, the Marion County Commission (Marion County) fi resolutions related to the efforts of Harrison County to consolidate pub service districts.

The first resolution filed by Marion County proposed the merger of O.J.W. Public Service District into the Bingamon Public Service Distri Marion County indicated that the merger was necessary for the preservat of public health, comfort and convenience for the residents of districts. Marion County set a hearing date of April 14, 1997. Ma County published notice of the hearing. It submitted a publica affidavit to the Commission on May 7, 1997.

The second resolution filed by Marion County proposed the dissoluti of the authority of the O.J.W. Public Service District to acquire or opera sewer facilities. The O.J.W. Public Service District does not currently o or operate any sewer facilities. Marion County believes that t dissolution of the district is necessary for the preservation of publ health, comfort and convenience of the residents in the O.J.W. Publ Service District territory. Marion County set a hearing date of April 1 1997. Marion County published notice of the Marion County hearing. filed the publication affidavit with the Commission on May 7, 1997.

Also on April 25, 1997, Harrison County filed a resolution and ord indicating that Harrison County had held the hearing set for April 1 1997, on the fourth resolution discussed above. Harrison County adopted t fourth resolution with two significant modifications. First, the resoluti was modified to include the Town of West Milford within the Greater Harris County Public Service District. The second modification was that Harris County decided not to merge the Lost Creek-Mt. Clare Public Service Distri and Valley of Good Hope Public Service District into the renamed a enlarged Greater Harrison Public Service District.

On May 20, 1997, Staff issued its Final Joint Staff Memorandum. Sta outlined the proceeding and indicated that it would file a fin recommendation at a later date.

By Procedural Order of June 2, 1997, the matter was set for hearing Clarksburg on July 21, 1997, and in Fairmont on July 22, 1997. T Procedural Order also required both Harrison County and Marion County publish notice of the hearing.

On July 14, 1997, Marion County filed a copy of its order affirming t actions of Harrison County related to the Coons Run Public Service Distric the O.J.W. Public Service District, and the Bingamon Public Servi District.

The hearing set for Harrison County on July 21, 1997, was held scheduled.[1] John C. Stump, Esquire, appeared for Harrison County. James Kelsh, Esquire, appeared for Staff.

Several members of the public offered testimony at the hearing. Walt Conners from Nutter Fort testified that he was not opposed to a county-wi sewer district, because he believes that the sewer district would clean streams in the county. (Tr. 6-7). He objects to the fact that publ service district board members are appointed by county commissions, stati that the system results in poorly operated public service districts. (T 7). However, Mr. Conners understood that the way that board members a appointed is a matter of state law which could not be changed in th proceeding. (Tr. 8).

Greg Robertson lives in the Lake Ridge area of Bridgeport. (Tr. 9 Mr. Robertson offered his support to the formation of the Greater Harris

---

[1]All references to the transcript in this recommended decision refer to the transcript of the hearing held in Harrison County on July 21, 1997.

County Public Service District. (Tr. 10). Mr. Robertson had purchased la in Harrison County, but ran into trouble with developing it becau inadequate sewer service. (Tr. 10). Several subdivisions near Robertson's property have environmental problems related to inadequate nonexistent sewer service, including Lakeland Terrace, Lakeland Park a Augusta Park. (Tr. 10). Mr. Robertson approached numerous county, city, a state officials about helping to provide sewer service to the area, but was always directed to go to some other official. (Tr. 11). Mr. Roberts believes that a county-wide sewer district is a good thing, not just f Harrison County, but for the entire state, and he requested that the matt be expedited. (Tr. 11). Mr. Robertson believes that it will be difficult attract employers or good employees to the area without adequa infrastructure. (Tr. 12).

Gary Fluharty is the Chairman of the Sun Valley Public Servi District. (Tr. 14). Mr. Fluharty wanted to be reassured that the Sun Val Public Service District was not being consolidated in these petitions. (14). Harrison County reassured Mr. Fluharty that Sun Valley was included in the consolidation and was indeed specifically excluded from territory of the Greater Harrison County Public Service District. (Tr. 1 With that understanding, Mr. Fluharty voiced his support for the creation the district given that much of the county is without sewer service. (16).

Paul Hamrick indicated that Harrison County is experiencing lots growth, but the lack of sewer service was limiting that development. (17). Many of Harrison County's communities are dying because new homes never built because of a lack of public sewer service. (Tr. 17). Hamrick indicated that it is difficult to sell properties in communit which do not have public sewer. (Tr. 17). He also indicated t communities all over the county dump raw sewage directly into the West F River. (Tr. 17). Mr. Hamrick supported the development of a Grea Harrison County Public Service District. (Tr. 18).

Terri Ann Schulte, the executive director of the Harrison Cou Planning Commission, assisted in posting notice of the various resoluti around the county and in each public service district impacted by various resolutions. (Tr. 20). Harrison County Exhibit No. 4 consists o list of the various locations where posting occurred. Ms. Schulte indica that many areas in the county need sewer service. The top priority providing service is for the Arlington, Glen Falls, Gore area. (Tr. 2 Ms. Schulte believes that the creation of the Greater Harrison County Pub Service District will improve the county's access to public dollars. (23). A larger district will mean a greater customer base, better econom of scale and a higher level of professionalism and sophistication. (Tr. 2

James Boggess, a Utilities Analyst, testified for Staff. Mr. Bogg corrected the Further Final Internal Memorandum by stating that the O. and Bingamon Public Service Districts would be merged completely by resolutions of Harrison and Marion Counties. (Tr. 27). Mr. Bogg testified that Harrison and Marion Counties had complied with Commission's requirements concerning the consolidation and notice of hearings. (Tr. 27-28). In the Further Final Internal Memorandum, recommended that the petitions of Harrison and Marion County be appro (See Staff Exhibit No. 1).

Harrison County offered the resolution from Marion County whi affirmed the actions of Harrison County related to the Bingamon Publ Service District; the resolution of Harrison County which affirmed th actions of Marion County dissolving the authority of the O.J.W. Publ Service District to operate sewer facilities; and affidavits of publicati for the hearing from the *Clarksburg Telegram*, the *Clarksburg Exponent*, a the *Times West Virginian*.

The hearing set for Marion County on July 22, 1997, was held scheduled. The same parties entered appearances. No member of the publ appeared at the hearing to offer comment.

DISCUSSION

Harrison County has taken steps to develop a county-wide sewer publ service district which includes all areas of the county which do not ha public sewer. Harrison County has also merged some districts. Mari County has affirmed all actions which involve public service districts whi extend into Marion County. No individual has expressed opposition to t modifications.

The evidence demonstrates that, by developing a county-wide sew district, the county has improved its chance to provide much needed sew service to all areas of Harrison County. (See Tr. 6-28). By creating larg more viable districts, Harrison County enhances its ability to improve t infrastructure and the quality of life for its residents.

Harrison and Marion Counties have published appropriate notice of the actions and have complied with all relevant requirements of the W.Va. Co and Commission Rules and Regulations. The orders which are the subject this proceeding should be approved by the Commission.

FINDINGS OF FACT

1. On March 31, 1997, the Harrison County Commission (Harris County) filed a petition for Commission consent and approval of vario orders which consolidated or modified public service district boundaries Harrison County. (See petition and orders filed March 31, 1997).

2. The first Harrison County order merged the O.J.W. Public Servi District into the Bingamon Public Service District. (See petition a order).

3. The second Harrison County order dissolved the authority of t Coons Run Public Service District to construct and operate sewer facilitie (See petition and order).

4. The third Harrison County order dissolved the Country Cl Addition Public Service District and the Lodgeville-Courtright Publ Service District. (See petition and order).

5. The Clarksburg Water Board has assumed responsibility for and currently operating the facilities of the Country Club Addition Publ Service District. (See petition).

6. The fourth Harrison County order changed the name of the Gr Union Public Service District to the Greater Harrison County Public S District and expands the service territory of the new Greater Ha County Public Service District to include all areas within Harrison Cou not provided sewer service by another public service district incorporated municipality with the exception of the Town of West Mili which is included in the district. (See petition and order).

7. The fifth Harrison County order dissolved the sewer authority the Bingamon Public Service District, the Lost Creek-Mt. Clare Pub Service District, the Quiet Dell Public Service District, the Short I Public Service District and the Valley of Good Hope Public Service Distri (See petition and order).

8. Harrison County indicated that none of the districts in the fi order currently have sewer facilities. (See petition and order).

9. The sixth Harrison County order reduced the boundaries of Short Line Public Service District. (See petition and order).

10. The O.J.W. Public Service District, the Coons Run Public Serv District and the Bingamon Public Service District are located in both Ma and Harrison Counties. (See petition and order).

11. Marion County issued orders which reaffirmed the Harrison Co actions on each of the districts which were partially located in Ma County. (See Marion County orders).

12. By developing a county-wide sewer district, Harrison County improved its chance to provide much needed sewer service to all area Harrison County. (See Tr. 6-28)

13. Commission Staff recommended approval of the orders of Harrison and Marion Commissions. (See Staff Ex. 1).

14. No member of the public testifying at the Commission hea expressed opposition to the proposed action of Harrison and Marion Count (See transcripts).

CONCLUSIONS OF LAW

1. Harrison and Marion Counties have complied with W.Va. Code 13A-2 and Rule 6.4 of the Commission's Rules and Regulations for Government of Public Service Districts.

2. The Harrison and Marion County orders which are the subjec this proceeding are in the public interest and should be approved.

ORDER

IT IS, THEREFORE, ORDERED that the following orders adopted Harrison County Commission and the Marion County Commission, be, and are approved:

1. The Harrison and Marion County orders of April 10, 1997, and July 9, 1997, respectively, merging the O.J.W. Public Service District into the Bingamon Public Service District.

2. The Harrison and Marion County orders of April 10, 1997, and July 9, 1997, respectively, dissolving the authority of the Coons Run Public Service District to construct and operate sewer facilities.

3. The Harrison County order of April 10, 1997, dissolving the Country Club Addition Public Service District and the Lodgeville-Courtright Public Service District.

4. The Harrison County order of April 15, 1997, changing the name of the Grant Union Public Service District to the Greater Harrison County Public Service District and expanding the service territory of the new Greater Harrison County Public Service District to include all areas within Harrison County not provided sewer service by another public service district or incorporated municipality.

5. The Harrison and Marion County orders of April 15, 1997, and July 18, 1997, respectively, dissolving the sewer authority of the Bingamon Public Service District.

6. The Harrison County order of April 15, 1997, dissolving the sewer authority of the Lost Creek-Mt. Clare Public Service District, the Quiet Dell Public Service District, the Short Line Public Service District and the Valley of Good Hope Public Service District.

7. The Harrison County order of April 10, 1997, reducing the boundaries of the Short Line Public Service District.

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

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

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

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

Commission sooner than five (5) days after approval of such waiver by Commission.

K.A. George

Keith A. George
Administrative Law Judge

KAG:s

4-15-97
10 50

BEFORE THE COUNTY COMMISSION OF HARRISON COUNTY

A RESOLUTION AND ORDER PROPOSING CHANGING THE NAME OF GRANT UNION PUBLIC SERVICE DISTRICT TO GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE MERGER OF LOST CREEK-MT. CLARE PUBLIC SERVICE DISTRICT AND VALLEY OF GOOD HOPE PUBLIC SERVICE DISTRICT INTO GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT (FORMERLY GRANT UNION PUBLIC SERVICE DISTRICT) AND THE ENLARGEMENT OF THE SEWER SERVICE AUTHORITY OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND FIXING A DATE OF HEARING ON THE PROPOSED NAME CHANGE, MERGER AND ENLARGEMENT AND PROVIDING FOR NOTICE OF SUCH HEARING

WHEREAS, the County Commission of Harrison County deems it necessary and desirable to consolidate, where practicable, the public service districts in Harrison County to provide both better and more cost-effective service to the residents of the County;

WHEREAS, pursuant to the provisions of Article 13A, Chapter 16 of the West Virginia Code, the Harrison County Commission is empowered to, upon its own motion by order duly adopted, propose consolidation and enlargement of public service districts located within the County in order to preserve the public health, comfort and convenience of the areas within the public service districts;

WHEREAS, the Public Service Commission of West Virginia has recommended the expansion of Grant Union Public Service District to provide sewer service to those portions of Harrison County not presently provided with sewer service and the County Commission of Harrison County deems it desirable to change the name of Grant Union Public Service District to Greater Harrison County Public Service District (hereinafter, Greater Harrison County Public Service District shall refer to the former Grant Union Public Service District);

WHEREAS, the Public Service Commission of West Virginia has recommended the merger of Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service District into Greater Harrison County Public Service District and the enlargement of the sewer service authority of Greater Harrison County Public Service District to include all areas within Harrison County not provided sewer service by another public service district or incorporated municipality; and,

WHEREAS, the Harrison County Commission, after considerable deliberation, has decided that the proposed merger of Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service District into Greater Harrison County Public Service District, and the enlargement of the sewer authority of Greater Harrison County Public Service District to include all areas within Harrison County not provided sewer service by another public service district or

incorporated municipality, subject to the approval of the Public Service Commission of West Virginia and the agreement of the bondholders of the Districts, is necessary for the preservation of the public health, comfort and convenience for the areas presently served and proposed to be served by the said Districts.

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

1. That the County Commission of Harrison County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, hereby proposes that the name of Grant Union Public Service District be changed to Greater Harrison County Public Service District.

2. That the County Commission of Harrison County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia and the agreement of the bondholders of the Districts, proposes the merger of Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service District into Greater Harrison County Public Service District. The presently existing public service districts are particularly defined as the following areas:

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
(FORMERLY GRANT UNION PUBLIC SERVICE DISTRICT)

BEGINNING at Mt. Clare Road (WV Route No. 25) and River Bend Park Road (WV Route No. 19/53)intersection;

THENCE southward along the ridges and divides and the divide between West Fork River and Arnold Run watershed, 7350 feet, more or less;

THENCE along watershed divide between West Fork River and Elk Creek watersheds and generally following the divide (partly and mostly the eastern boundary line of Union Magisterial District) a distance of 15,000 feet, more or less;

THENCE East to a point, a distance of 6072 feet, more or less;

THENCE with Elk Creek for a distance of 5280 feet, more or less;

THENCE South for a distance of 900 feet, more or less;

THENCE South 36° 45' West for a distance of 8075 feet, more or less;

THENCE South 6° 40' West for a distance of 950 feet, more or less, to a point on the western boundary of Grant Magisterial District;

THENCE southward along said boundary for a distance of approximately 48,000 feet, more or less, to the southern boundary line of Harrison County at the Harrison-Lewis-Upshur County common boundary corner;

THENCE approximately 14,230 feet westward with the Harrison-Lewis County line to the watershed divide between McKenney Creek and Lost Creek watersheds and continues 16,000 feet, more or less, along this divide to the gap on WV Route No. 25 south of the Town of Lost Creek;

THENCE 4500 feet, more or less, along the watershed divide between McKenny Run and Dick Run;

THENCE 9000 feet, more or less, along the watershed divide between McKenny Run and Vens Run (tributaries of Hackers Creek) to the south county line;

THENCE with the south Harrison County line, crossing Hackers Creek and West Fork River to the southwest corner of Harrison County, a distance of 68,000 feet, more or less;

THENCE following the meandering of the west county line which is also a watershed divide, to the headwaters of Isaac Creek (east of Big Isaac) of West Fork River watershed approximately 32,500 feet, more or less;

THENCE 46,500 feet, more or less, to and along the divide between the Tenmile Creek watershed and the headwaters of Buffalo Creek, Sycamore Creek and their tributaries to the common corner or Coal, Tenmile, and Union Magisterial Districts;

THENCE along the watershed divide between Simpson Creek and the headwaters of Coburns Run, Davison Run and Washburncamp Run to the eastern watershed divide of Davison Run, a distance of 26,000 feet, more or less;

THENCE 6100 feet, more or less, down along the divide to WV US Route No 19 and following north side of State Route No. 19, 1500 feet, more or less, to City of Clarksburg near river bend;

THENCE upstream of the West Fork River approximately 3200 feet to the Baltimore and Ohio railroad bridge;

THENCE with the city boundary to the River Bend Park Road WV Route No. 19/53 and along State Route No. 19/53 to WV Route No. 25, 650 feet, more or less, and the place of beginning, containing 100 square miles, more or less.

LOST CREEK-MT. CLARE PUBLIC SERVICE DISTRICT

BEGINNING at a point on the east bank of the West Fork River, which point has the coordinate North 39° 14' 38" and West 80° 21' 29";

THENCE leaving the river due East 0.54 miles to a point on the Clark-Grant Magisterial District line;

THENCE with that line in a southeasterly direction 2.46 miles to a point;

THENCE due East 1.15 miles to a point on the west bank of Elk Creek;

THENCE up Elk Creek 1.0 miles to a point;

THENCE due South 0.17 miles to a point;

THENCE South 36° 45' West 1.53 miles to a point;

THENCE South 6° 40' West 0.18 miles to a point on the Elk-Grant Magisterial District line;

THENCE with that line 7.66 miles to the Harrison-Lewis-Upshur County common corner;

THENCE with the Harrison-Lewis County line in a northwesterly direction 3.65 miles to a point on a ridge;

THENCE with that ridge line in a westerly direction 2.04 mile to a point;

THENCE North 20° 30' West 0.63 miles to a point on a ridge one;

THENCE with the ridge line, which divides the watershed between Hackers Creek and Duck Creek in a northwesterly direction 5.45 miles to a point on the boundary of the Valley of Good Hope Public Service District;

THENCE with four lines of the Valley of Good Hope Public Service District boundary,

North 19° 45 East 0.47 miles to a point;

North 61° 20' East 0.64 miles to a point;

North 49° 20' East 0.34 miles to a point;

Due North 0.34 miles to a point on the Grant-Union Magisterial District line;

THENCE with that line in a northeasterly direction 8.06 miles to a point on the south bank of the West Fork River;

THENCE with the south bank down river 1.63 miles to the beginning.

Included with the district is a strip of land between the west bank of the West Fork River and a point 100 feet southwest of the Lost Creek-Mt. Clare main water transmission line and extending from the Lost Creek-Mt. Clare master meter in a southeasterly

direction and parallel with the main transmission line 1.39 miles to a point where the main line crosses the river.

VALLEY OF GOOD HOPE PUBLIC SERVICE DISTRICT

BEGINNING at a point in the center of the West Fork River, which point is the common corner between the Grant, Union and Clark Magisterial Districts;

THENCE in a northwesterly direction with the Clark-Union Magisterial District boundary line and with the southwestern boundary of the Country Club Addition Public Service District 1.28 miles to a point in the center of US Route 19;

THENCE with US Route 19 North 0.98 miles to a point;

THENCE leaving the highway North 28° West 0.38 miles to a point on the southern boundary of the Sun Valley Public Service District;

THENCE with the Sun Valley Public Service District boundary South 65° West 1.19 miles to a point on the Clark-Union Magisterial District line;

THENCE leaving the Clark-Union Magisterial District line and the Sun Valley Public Service District South 40° 50' West 1.87 miles to a point;

THENCE South 48° West 2.23 miles to a point;

THENCE South 2° 20' East 1.97 miles to a point;

THENCE South 20° 30' West 1.37 miles to a point;

THENCE South 41° 40' East 1.61 miles to a point in the center of the West Fork River;

THENCE down river 0.83 miles to a point;

THENCE leaving the river South 67° East 0.23 miles to a point in the center of Hackers Creek;

THENCE with Hackers Creek 0.45 miles to a point which point is the center of US Route 19;

THENCE leaving Hackers Creek North 59° East 1.07 miles to a point on the ridge which point is on the western boundary of the Lost Creek-Mount Clare Public Service District;

THENCE with the Lost Creek-Mount Clare Public Service District boundary and with the ridge line in a northwestern direction 2.01 miles to a point;

THENCE North 19° 45' East 0.47 miles to a point in the center line of the West Fork River;

THENCE North 61° 20' East 0.64 miles to a point in the center line of the West Fork River;

THENCE North 49° 20' East 0.34 miles to a point;

THENCE Due North 0.34 miles to a point in the center of the West Fork River which is on the Grant-Union Magisterial District line;

THENCE with the Grant-Union Magisterial District line 8.06 miles to the beginning containing 23.91 square miles.

Following the merger, the water service area of the newly created Greater Harrison County Public Service District shall be particularly defined as follows:

PROPOSED MERGER OF GREATER HARRISON COUNTY, LOST CREEK-MT. CLARE AND VALLEY OF GOOD HOPE PUBLIC SERVICE DISTRICTS

BEGINNING at a point between Highway 19/15 (Country Club Road) and the West Fork River at latitude 39° 15' and longitude 80° 22' 30";

THENCE due East with said latitude 39° 15' parallel line 9,300 feet to a point between two ridge tops;

THENCE South 14° East 9,200 feet to a point on a ridge top;

THENCE due East 7,800 feet to a point in the center of Elk Creek, also being a point in the Quiet Dell Public Service District boundary line (as amended 6/93);

THENCE in a southerly direction running upstream with Elk Creek and said common boundary line of Quiet Dell Public Service District 3,200 feet to the intersection of Zachs Run and Elk Creek;

THENCE continuing in a southerly direction upstream with Elk Creek and said common boundary line 8,000 feet to a point;

THENCE with said common boundary line South 3° 02' West 3,100 feet to a point on top of a ridge;

THENCE with said common boundary line South 25° 48' West 3,200 feet to a point on top of a ridge;

THENCE with said common boundary line South 37° 12' West 5,800 feet to a point on top of a ridge;

THENCE with said common boundary line South 26° 03' East 4,200 feet to a point on top of a ridge;

THENCE with said common boundary line South 67° 50' East 2,900 feet to a point on top of a ridge;

THENCE with said common boundary line South 86° 41' East 7,300 feet to a point on top of a ridge;

THENCE with said common boundary line South 74° 45' East 5,100 feet to a point in the center line of Highway Route 20;

THENCE leaving said common boundary line of Quiet Dell Public Service District South 21° East 3.3 miles to the intersecting corner of the Barbour-Harrison-Upshur County lines;

THENCE running westerly with the Harrison-Upshur County line 4.5 miles to the intersecting corner of the Harrison-Lewis County lines;

THENCE running westerly with the Harrison-Lewis County line 4.3 miles to a point on McKenney Run;

THENCE due West 6,700 feet to a point at the intersection of McKenney Run and Highway Route 25, also being the point of a master meter connection with Jane Lew Public Service District;

THENCE due North 1,900 feet to a point in the Harrison-Lewis County lines;

THENCE running westerly with said county lines 3 miles to a point intersecting the West Fork River;

THENCE continuing westerly with the meanders of the Harrison-Lewis County line 9.5 miles to the intersecting corner of the Doddridge-Harrison-Lewis County lines;

THENCE running northerly with the meanders of the Doddridge-Harrison County line, 14 miles to a point on the latitude 39° 15' parallel line near Highway Route 29;

THENCE due East with said parallel line 2.8 miles to a point on a ridge at Longitude 80° 31';

THENCE North 37° East 2.6 miles to a point in Highway Route 31, said point being the common boundary corner with Sun Valley Public Service District;

THENCE, with said common boundary line of Sun Valley Public Service District South 59° 30' East 1.7 miles to a point at the intersection of Highway Route 33/2 and Route 33 (Sycamore Road);

THENCE easterly with said common boundary line of Sun Valley Public Service District and the Union-Clark Magisterial district line 10,450 feet, more or less, to a point on a ridge;

THENCE leaving said Union-Clark Magisterial district line North 61° 50' East 6,200 feet to a point in said common boundary line of Sun Valley Public Service District;

THENCE leaving said common boundary line of Sun Valley Public Service District South 16° East 6,200 feet to the point of beginning, containing approximately 131 square miles, as shown upon a map prepared by the West Virginia Public Service Commission, Public Service District Division, dated January 1996, entitled "Proposed Consolidation of Grant Union, Valley of Good Hope, and Lost Creek-Mt. Clare Public Service Districts".

3. That the County Commission of Harrison County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, proposes the expansion of the sewer authority of the newly created Greater Harrison County Public Service District to include all areas within Harrison County not served by another public service district or incorporated municipality, particularly defined as the following areas:

PROPOSED ENLARGEMENT OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

The Greater Harrison County Public Service District sewer service area as enlarged shall be described as all the area encompassing the County of Harrison except the following service areas:

East View Public Service District
Enlarged Hepzibah Public Service District
Lake Floyd Public Service District
Lumberport Public Service District
Mt. Clare Public Service District
Summit Park Public Service District
Sun Valley Public Service District
Jane Lew Public Service District
Town of Anmoore
City of Bridgeport
City of Clarksburg
Town of Nutter Fort
City of Salem
City of Shinnston
Town of Stonewood
Town of West Milford

Specifically described hereinafter:

EAST VIEW PUBLIC SERVICE DISTRICT

BEGINNING at a point (#1) where the most westerly Corporation limit of Anmoore crosses WV Secondary Highway 23;

THENCE with the Corporation line of Anmoore in a southerly direction approximately 400 ft. to point (#2) where said Corporation limit crosses the Baltimore & Ohio Railroad tracks;

THENCE leaving the Corporation line of Anmoore along a ridge in a southwesterly direction 1500 feet to a point (#3) on the ridge;

THENCE along said ridge approximately 6000 feet to a point (#4) on the most easterly Corporation limit of the City of Clarksburg;

THENCE along said Corporation limit in a northerly direction approximately 3000 feet to a point (#5);

THENCE leaving the Corporation line of Clarksburg along a ridge in a easterly direction approximately 6000 feet to a point (#6) of intersection between a pipeline and a power line;

THENCE along the same ridge in a southerly direction approximately 5300 feet to a point (#7) on the northern Corporation line of the Town of Anmoore;

THENCE following said Corporation line in a westerly direction 500 feet to the northwest corner of the corporation line to point (#8) of the Town of Anmoore;

THENCE following said Corporation line in a southerly direction 300 feet to place of beginning.

ENLARGED HEPZIBAH PUBLIC SERVICE DISTRICT

BEGINNING at the Corporate limits of the City of Clarksburg at a point on said US Route No. 19;

THENCE in a northerly direction along said US Route No. 19 to the intersection of the Crooked Run Road designated as being State Route No. 19/10;

THENCE in a northwesterly direction along said Crooked Run Road, State Route 19/10, to the Harrison County Coal-Eagle Magisterial District Line;

THENCE in a northerly direction along said Coal-Eagle Magisterial District line to its point of intersection with the Baltimore and Ohio Railroad Company Tracks;

THENCE in a northerly direction along said railroad tracks to a point which is due West from the southern limits of the Town of Gypsy (to include all of the Town of Hughs):

THENCE due East to the West Fork River;

THENCE in a southerly direction along said West Fork River to the intersection of said River and the common intersection of Eagle, Clay, and Simpson Magisterial District lines;

THENCE in an easterly direction along Simpson District northerly boundary to the centerline intersection of said boundary and State Route 24/11;

THENCE south 10° East 14,780 ± to northern right-of-way line of Federal Route I-79;

THENCE along said right-of-way line in a westerly direction 3,300 feet ± to centerline of Simpson Creek;

THENCE along centerline of Simpson Creek and 1,000 feet distant south thereof meandering in a general north westerly direction to the intersection of a telephone cable right-of-way;

THENCE in a southerly direction along said telephone line to an angle point in said telephone line, said angle point being due East from the Northern limits of the Town of Hepzibah;

THENCE due West to a point in the West Fork River;

THENCE in a southerly direction along the meandering of said West Fork River to the Corporate line of the City of Clarksburg, West Virginia;

THENCE in a westerly direction along said Corporation line to the point of beginning.

LAKE FLOYD PUBLIC SERVICE DISTRICT

BEGINNING at the intersection of State Route 50/8, commonly known as Hall's Run Road and the westerly side of controlled access right-of-way of United States Route 50 and running;

THENCE South 64° 30' East 370 feet to a stake;
THENCE South 33° 40' West 630 feet to a stake;
THENCE South 61° 30' West 521 feet to a stake;
THENCE South 58° 00' West 2,543 feet to a stake;
THENCE South 30° 15' West 879 feet to a stake;
THENCE South 38° 11' West 1,289 feet to a stake;
THENCE North 39° 30' West 635 feet to a stake;
THENCE North 31° 40' East 730 feet to a stake;

THENCE North 45° 23' East 148 feet to a stake;
THENCE North 25° 23' East 225 feet to a stake;
THENCE North 10° 14' East 478 feet to a stake;
THENCE North 13° 30' East 422 feet to a stake;
THENCE North 53° 41' East 831 feet to a stake;
THENCE North 42° 52' East 441 feet to a stake;
THENCE North 68° 35' East 785 feet to a stake;
THENCE North 48° 51' East 485 feet to a stake;
THENCE North 23° 57' East 235 feet to a stake;
THENCE North 73° 40' East 479 feet to a stake;
THENCE North 85° 46' East 128 feet to a stake;
THENCE North 74° 30' East 720 feet to a stake;
THENCE South 15° 30' East 250 feet to the place of beginning.

LUMBERPORT AREA PUBLIC SERVICE DISTRICT

BEGINNING at a point in the center of Tenmile Creek (said point being a corner to the Short Line Public Service District which corner bears North 62° 30' West 260 feet ± to the Chessie System Railroad tracks);

THENCE with a boundary line of the Short Line Public Service District North 62° 30' West 1,950 feet ± to a point;

THENCE leaving the Short Line Public Service District boundary North 1° 20' West 3,050 feet ± to the top of a ridge (elevation 1346');

THENCE North 37° 50' East 6,000 feet to a point which is 380 feet ± due west of Jack Run Road;

THENCE South 45° 30' East 2,150 feet ± to the top of a ridge;

THENCE South 55° 30' East 1,700 feet ± to a point in the center of the Lumberport-Haywood Bridge and being the center of Tenmile Creek;

THENCE with the meanders of Tenmile Creek downstream in a northeast direction 6,900 feet ± to a point in the boundary line of the Haywood Public Service District (said boundary line being the same line that divides Eagle and Clay Magisterial Districts);

THENCE with the Eagle and Clay Magisterial District line and the Haywood Public Service District boundary line in a southwesterly direction 5,400 feet ± to a point in the center of Tenmile Creek;

THENCE downstream with the meanders of Tenmile Creek in a westerly direction 2,240 feet ± to a point in the Lumberport corporation line;

THENCE with the Lumberport corporation line in a southwesterly direction 3,200 feet ± to a point in the center of Tenmile Creek;

THENCE upstream with the meanders of Tenmile Creek 5,450 feet ± to the point of beginning, containing 1,167 acres.

MT. CLARE ROAD PUBLIC SERVICE DISTRICT

BEGINNING at a point on the intersection of Arnold's Run and the northerly right-of-way line of West Virginia Secondary Route 25, said point being located on the corporation line of the City of Clarksburg;

THENCE with said northerly right-of-way line of West Virginia Secondary Route 25 at the centerline of the B & O Railroad track south to a point southwest of the intersection of said West Virginia Secondary Route 25 and West Virginia Secondary Route 25/17;

THENCE in a straight line, northeast to a point located 250.00 feet west of the centerline of Bassel Street;

THENCE with five new lines, 250.00 feet west of and parallel to said Bassel Street in a southerly direction, a distance of 660.00 feet to a point;

THENCE with a line perpendicular to said Bassel Street, northeast to a point located on the easterly right-of-way line of said Bassel Street;

THENCE with said easterly right-of-way line Bassel Street, northwest to a point located on the southerly right-of-way line of Poplar Street;

THENCE leaving said right-of-way of Bassel Street and with said southerly right-of-way line of Poplar Street, northeast 630.00 feet to a point;

THENCE with a line perpendicular to said Poplar Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District;

THENCE with a line 600.00 feet east of said West Virginia Secondary Route 25, northeast to a point located 250.00 feet south of West Virginia Secondary Route 25/27;

THENCE with 4 new lines, 250.00 feet south of and parallel to said West Virginia Secondary Route 25/27, southeast crossing Doll Run 957.00 feet to a point;

THENCE North 52° 04' 14" East, a distance of 975.00 feet to a point;

THENCE North 30° 25' 00" West, a distance of 782.00 feet to a point located 340.00 feet east of Cherry Street;

THENCE with a line 340.00 feet east and parallel to said Cherry Street, northwest to a point located on the original boundary line of said Mount Clare Road Public Service District on the east property line of Custer Addition;

THENCE north with said Custer Addition and 600.00 feet east and south of said West Virginia Secondary Route 25 to a point located in the center of said Arnold's Run;

THENCE with said Arnold's Run northwest to the POINT OF BEGINNING, as shown on a map attached hereto and made a part of this description prepared by Thrasher Engineering, Inc. entitled "Map Showing Revised Boundaries of the Mount Clare Road Public Service District" dated January, 1997.

SUMMIT PARK PUBLIC SERVICE DISTRICT

BEGINNING at a point in the Clarksburg Corporation Line, a point in the center of Murphy's Run on the north side of US Route 50;

THENCE with four lines of the said Corporation Line

North 1° West 450 feet,

North 81° West 1400 feet, to a point on the east right-of-way line of Pinnickinnick Street;

THENCE with two lines of said Pinnickinnick Street right-of-way line and Clarksburg Line

North 18° East 900 feet,

North 24° West 900 feet;

THENCE leaving said Pinnickinnick Street right-of-way line and Clarksburg Corporation Line North 48° West 1000 feet to a point on the top of the ridge;

THENCE with 12 lines along the top of the ridge;

North 5° West 2400 feet;
South 86° East 2400 feet;
South 58° East 1200 feet;
North 51° East 1000 feet;
North 14° West 700 feet;
North 23° East 600 feet;
North 31° East 900 feet;
South 51° East 1000 feet;
North 81° East 1000 feet;
North 53° East 1300 feet;
South 57° East 1200 feet;
South 43° East 2000 feet;

THENCE South 59° West 3900 feet to a centerline of the Baltimore and Ohio Railroad;

THENCE with the centerline of the railroad South 22° West 1050 feet;

THENCE leaving said railroad centerline South 52° East 2150 feet to the top of the ridge;

THENCE with the top of the ridge South 66° East 1250 feet to a point;

THENCE South 1150 feet to a point;

THENCE with a line approximately parallel with US Route 50, South 89° West 6000 feet to the beginning, containing 1010.56 acres.

SUN VALLEY PUBLIC SERVICE DISTRICT

BEGINNING at a point, it being the Northwesterly corner to the corporation line of the City of Clarksburg, Harrison County, West Virginia, having a latitude North 39° 17' 51" and longitude West 80° 22' 07";

THENCE with the corporate line of the City of Clarksburg South 23° 20' East 0.33 miles (1,742 feet), more or less, to the center of Old US Route No. 50 now Secondary State Route No. 11;

THENCE continuing with said corporate limits South 6° 20' West 3,400 feet, more or less, to a point in the District line between Clark and Coal Magisterial Districts;

THENCE with said District line in a westerly direction 1,100 feet to a point;

THENCE leaving said District line South 46° 10' West 4,200 feet to a point;

THENCE South 32° 05' East 2,300 feet to a point;

THENCE South 61° 50' West 10,450 feet, more or less, to the line between the Union and Clark Magisterial Districts;

THENCE with the Magisterial District line 3.7 miles (19,536 feet), more or less, to the intersection of West Virginia State Secondary Routes 33/2 and 33;

THENCE North 59° 30' West 1.7 miles (8,976 feet) to a point in the center of West Virginia State Route 31;

THENCE with State Route 31 crossing US Route 50 North 37° 10' East 1.0 mile (5,280 feet) to a point in West Virginia Secondary Route 5/14;

THENCE East 0.90 mile (4,752 feet) to the Magisterial District line between Ten Mile and Clark Magisterial Districts;

THENCE with said District line 1.7 miles (8,976 feet), more or less, to a point having a latitude of North 39° 18' 15" and longitude West 80° 26' 16";

THENCE East 2.6 miles (13,728 feet);

THENCE South 63° 00' East 1.4 mile (7,392 feet) to a place of beginning, containing an area of 15.06 square miles.

JANE LEW PUBLIC SERVICE DISTRICT

BEGINNING at a point on the county line between Harrison County and Lewis County, said point being on the watershed divide between McKenney Creek and Lost Creek watersheds at latitude 39° 6' 52" and longitude 80° 20' 55";

THENCE 16,000 feet, more or less, in a northeasterly direction along said watershed divide to the gap on WV Route 25 south of the Town of Lost Creek;

THENCE 4,500 feet, more or less, along the watershed divide between McKenny Run and Dick Run;

THENCE 9,000 feet, more or less, along the watershed divide between McKenny Run and Vens Run (tributaries of Hackers Creek) to the Lewis County and Harrison County line;

THENCE following said county line in an easterly direction 19,500 feet, more or less, to the point of beginning.

MUNICIPAL CORPORATIONS

The sewer service area of the municipal corporations of Anmoore, Bridgeport, Clarksburg, Nutter Fork, Salem, Shinnston, Stonewood, and West Milford shall be described as the area encompassing the corporate boundaries of said municipalities and areas outside of the corporate boundaries currently served by existing municipal sewer lines.

4. That on April 15, 1997, at the hour of 10:00 o'clock a.m./p.m., the Harrison County Commission shall meet in the Harrison County Courthouse at Clarksburg, West Virginia, for the purpose of conducting a public hearing on the proposed change of the name of Grant Union Public Service District to Greater Harrison County Public Service District, the merger of Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service District into Greater Harrison County Public Service District, subject to the approval of the Public Service Commission of West Virginia and the agreement of the bondholders of the Districts, and the enlargement of the sewer authority of Greater Harrison County Public Service District to include all areas within Harrison County not served by another public service district or incorporated municipality, at which time and place all persons residing in or owning or having any interest in property in the territory of the Grant Union Public Service District, Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service district or in the territory of the proposed expansion of the sewer service authority of Greater Harrison County Public Service District may appear before this County Commission and shall be provided an opportunity to be heard for or against the proposal.

5. That the Clerk of the Harrison County Commission shall cause notice of the hearing and a description of all of the territory of Grant Union Public Service District, Lost Creek-Mt. Clare Public Service District, Valley of Good Hope Public Service District and the proposed expansion of the sewer service authority of Greater Harrison County Public Service District to be published as a Class I legal advertisement at least ten (10) days prior to the hearing.

6. That the Clerk of the Harrison County Commission shall cause a notice of the hearing and description of the territory of Grant Union Public Service District, Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service District and the proposed expansion of the sewer service authority of Greater Harrison County Public Service District to be posted in at least five (5) conspicuous places within the territory of Grant Union Public Service District, Lost Creek-Mt. Clare Public Service District, Valley of Good-Hope Public Service District and the proposed expanded sewer service area of Greater Harrison County Public Service District.

Public Service District into Greater Harrison County Public Service District; and the enlargement of the sewer authority of Greater Harrison County Public Service District to include all areas within Harrison County not provided sewer service by another public service district or incorporated municipality, but no written protest has been filed by the requisite number of qualified voters registered and residing within the existing boundaries of the Districts, and said County Commission has given due consideration to all matters for which such hearing was offered;

WHEREAS, it is now deemed desirous by said County Commission to adopt a Resolution and Order, subject to the approval of the Public Service Commission of West Virginia and the bondholders of the Districts (as necessary), changing the name of Grant Union Public Service District to Greater Harrison County Public Service District, and enlarging the sewer authority of Greater Harrison County Public Service District to include all areas within Harrison County not provided sewer service by another public service district or incorporated municipality, for the preservation of the public health, comfort, and convenience for the areas presently served by the District; and

WHEREAS, it is now deemed desirous by said County Commission that the proposed merger of Lost Creek-Mt. Clare Public Service District and Valley of Good Hope Public Service District into Greater Harrison County Public Service District be taken under advisement by this Commission for further consideration and review.

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

1. That the County Commission of Harrison County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia, and the bondholders of the District (as necessary) hereby changes the name of Grant Union Public Service District to Greater Harrison County Public Service District.

2. That the County Commission of Harrison County, West Virginia, upon its own motion, subject to the approval of the Public Service Commission of West Virginia and the bondholders of the District (as necessary), expands the sewer authority of the Greater Harrison County Public Service District to include all areas within Harrison County not served by another public service district or incorporated municipality, particularly defined as the following areas:

7. That the Clerk of the County Commission shall cause a copy of this Resolution and Order to be filed with the Executive Secretary of the Public Service Commission of West Virginia not less than ten (10) days prior to the hearing set forth herein.

By the Order of the Harrison County Commission this day 20th of March, 1997.

HARRISON COUNTY COMMISSION

Thomas A. Feeley
PRESIDENT

COMMISSIONER

COMMISSIONER

ATTEST:

CLERK

STATE OF WEST VIRGINIA,

COUNTY OF HARRISON, TO-WIT:

I, SYLVIA BASILE, Clerk of the County Commission of Harrison County, West Virginia, do hereby certify that the foregoing is a true copy of the order entered in the above styled action on the 20th day of March, 1997.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Seal of this Commission, this the 20th day of March, 19 97.

Sylvia Basile

Clerk of the County Commission of
Harrison County, West Virginia

12/16/75

from which they seek appointment and that they are both persons of good moral character. It is therefore ordered that the said Melvin Clemans and Carrol Lee Crites be and they are hereby granted certificates upon which to obtain the appointment of ;the office of Nocary Public.

Harry L. Bartlett Granted Minister's License

Upon application of Harry L. Bartlett, who proved to the satisfaction of the Commission that he is an ordained minister of the Light house Gospel Center, Inc., Tulsa, Oklahoma, it is ordered that the said Harry L. Bartlett, who was ordained on the 10th day of October, 1975, be and he is hereby granted a license to solemnize the rites of marriage in all of the counties of the State of West Virginia, as provided by chapter 48,article 1, Section 12-A, of the West Virginia Code, as amended, no bond was required said Harry L. Bartlett presenting to the Commission proof of his ordination by said church.

It is ordered that the Commission be adjourned ;until Tuesday, December 16th, 1975 at 10:00 o'clock

_____, President

Tuesday, December 16th, 1975

The Commission met pursuant to its adjournment on Monday, December 15th, 1975

Present: Daniel L. McCarthy, President

James E. Boyce, Commissioner

Grant-Union Public Service District Created

STATE OF WEST VIRGINIA.

At a regular Term of the County Commission of Harrison County, West Virginia, held at the Courthouse of said County, Commissioners Daniel L. McCarthy and James E. Boyce, a majority of the members being present thereat, on the 16th day of December 1975, the following order was made and entered, to-wit:

GRANT-UNION PUBLIC SERVICE DISTRICT:

At a regular Term of the County Commission of Harrison County, held at the Courthouse of said County, Commissioners Daniel L. McCarthy and James E. Boyce, a majority of the members being present thereat, on the 16th day of December, 1975, being the date fixed by prior action of the County Commission for conducting the public hearing on the creation of the proposed Grant-Union Public Service District, as contemplated and provided for in a resolution and order adopted by the County Commission on the 10th day of November, 1975, the President announced that due publication of notice of such public hearing, in accordance with said order, had been made in the Clarksburg Exponent on Wednesday, the 3rd day of December, 1975, as appears from a Certificate of Publication tendered to the County Commission and now filed herein, such notice stating that all persons residing in or owning or having any interest in property in the area to be embraced within the boundaries of such public service district desiring to be heard for or against the creation of said District would be heard. The President further announced that the Affidavit of Rexin B. Hudkins was filed herein, setting out facts concerning the posting of notices in accordance with said order, in five (5) conspicuous places within the limits of the proposed public service district, said notices containing the same information contained in the published notice and such posted notices were posted not less than

ten (10) days prior to the date of this hearing. All such interested persons desiring to be heard were given full opportunity at the hearing held on this date, and a number of such persons testified in favor of such creation and none in opposition thereto.

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

ORDER AND RESOLUTION creating the Grant-Union Public Service District in Harrison County, West Virginia.

WHEREAS, the County Commission of Harrison County, West Virginia, did heretofore, by a resolution and order adopted November 10, 1975, fix a date for a public hearing on the creation of the Grant-Union Public Service District for the purpose of supplying sewerage services and facilities within the territory to the extent permitted by law, and in and by said resolution and order did provide that all persons residing in or owning or having any interest in property in the area to be embraced within the boundaries of such public service district might appear before the County Commission at this meeting and have the opportunity to be heard for and against the creation of said District; and

WHEREAS, the territory hereinafter described does not include within its limits the territory of any other public service district organized under Article 13A of Chapter 16 of the Code of West Virginia, as amended ("the Act"), which furnishes the residents within such territory or any part thereof sewerage services as defined in the Act; nor is there included within the above described territory any city, incorporated town or other municipal corporation having a population in excess of three thousand

(3,000) persons; however, there is included within the above described territory two (2) incorporated towns, namely, The Town of Lost Creek and the Town of West Milford; and

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

WHEREAS, said County Commission is of opinion and hereby determines that the creation of the proposed Public Service District is feasible, and that the sewerage services proposed for said District will be conducive to the preservation of public health, comfort and convenience of persons residing within said District, and that a resolution and order creating said District should be adopted:

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

I.

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

The Grant-Union Public Service District, hereby described is partly located in Grant, Union, Elk and Clark Magisterial Districts in Harrison County, West Virginia, and is further described as being the watershed area of West Fork River and being between the eastern divide and western divide and the area being also upstream of Clarksburg and in south central and southwest part of Harrison County and more generally described as follows:

BEGINNING at Mt. Clare Road (W. Va. Route No. 23) and River Bend Park Road (W. Va. Route No. 19/53) intersection and thence southward along the ridges and divides and the divide between West Fork River and Arnold Run watershed, 7350 feet, more or less; thence along the watershed divide between West Fork River and Elk Creek watersheds and generally following the divide (partly and mostly the eastern boundary line of Union Magisterial District) a distance of 15,000 feet, more or less; thence east to a point, a distance of 6072 feet, more or less; thence with Elk Creek for a distance of 5280 feet, more or less; thence south for a distance of 900 feet, more or less; thence South 36° 45' West for a distance of 8075 feet, more or less; thence South 6° 40' West for a distance of 950 feet, more or less to a point on the western boundary of Grant Magisterial District; thence southward along said boundary for a distance of approximately 48,000 feet, more or less, to the southern boundary line of Harrison County at the Harrison, Lewis, Upshur County common boundary corner; thence, approximately 14,230 feet westward with the Harrison-Lewis County line to the watershed divide between McKenny Creek and Lost Creek watersheds and continues 16,000 feet, more or less, along this divide to the gap on W. Va. Route No. 25 south of the Town of Lost Creek; thence 4500 feet, more or less, along the watershed divide between McKenny Run and Dick Run; thence 9000 feet, more or less, along the watershed divide between McKenny Run and Vens Run (tributaries of Hackers Creek) to the south county line; thence with south Harrison County line, crossing Hackers Creek and West Fork River to the southwest corner of Harrison County, a distance of 68,000 feet, more or less; thence following the meanderings of the west county line which is also a watershed divide, to the headwaters of Isaac Creek (east of Big Isaac) of West Fork River watershed approximately 32,500 feet, more or less; thence 46,500 feet, more or less, to and along the divide between the Tenmile Creek watershed and the headwaters of Buffalo Creek, Sycamore Creek and their tributaries to the common corner of Coal, Tenmile and Union Magisterial Districts; thence along the watershed divide between Simpson Creek and the headwaters of Coburns Run, Davisson Run and Washburncamp Run to the eastern watershed

divide of Davisson Run, a distance of 26,000 feet, more or less; thence 6100 feet, more or less, down along the divide to W. Va. U. S. Route No. 19 and following northside of State Route No. 19, 1500 feet, more or less, to City of Clarksburg near river bend; thence upstream of the West Fork River approximately 3200 feet to the Baltimore and Ohio river bridge; thence with the city boundary to the River Bend Park Road W. Va. Route No. 19/53 and along State Route No. 19/53 to W. Va. Route No. 25, 650 feet, more or less, and the place of beginning, containing 100 square miles, more or less, as shown and designated on a map or plat entitled Grant-Union Public Service District, Harrison County, West Virginia, Cerrone & Vaughn, Inc. Engineers.

II.

Said Public Service District shall have the name and corporate title of GRANT-UNION PUBLIC SERVICE DISTRICT, and shall constitute a public corporation and political subdivision of the State of West Virginia with the right to construct, maintain, operate, improve and extend sewerage services and facilities within the territory, for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes, to the extent permitted by law, having all the rights and powers conferred on public service districts by the laws of the State of West Virginia, and particularly by Article 13A of Chapter 16 of the West Virginia Code.

III.

There being no city, incorporated town or other municipal corporation having a population in excess of three thousand (3,000) persons included within said District, the County Commission hereby appoints the following three (3) persons residing within said District as members of the Public Service Board of said District for the terms shown after their names:

Rezin B. Hudkins - six (6) years,

Alfred H. Norman, - four (4) years,

Hugus Evans - two (2) years,

such terms to run from the 1st day of December, 1975, all in accordance with the provisions of West Virginia Code, Chapter 16, Article 13A, Section 3. Said members shall qualify by meeting in the Office of the Clerk of the County Commission as soon as practicable and taking an oath of office, and shall thereafter meet as said Board and organize, pursuant to the provisions of said Statute.

ENTER this 16th day of December, 1975.

COUNTY COMMISSION OF HARRISON COUNTY,
WEST VIRGINIA

By James E. Boyce
James E. Boyce, County Commissioner

By Daniel L. McCarthy
Daniel L. McCarthy, County Commissioner

STATE OF WEST VIRGINIA,

County of Harrison:

I, FRANK J. MAXWELL, JR., Clerk of the Harrison County Commission do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in General Order Book No. 47 at Page 625 of said records.

Given under my hand and Seal of said Office this 5 day of July 19 84

Clerk, Harrison County Commission

At a regular meeting of the County Commission of Harrison County, continued and held at the Courthouse thereof, Thursday, December 11, 2003, Commissioners Diaz, Angotti and Watson being present thereat, the following order was made and entered, to-wit:

206

ORDERS — Commissioners Harrison County, W. Va.

Session Held THURSDAY, DECEMBER 11, 2003

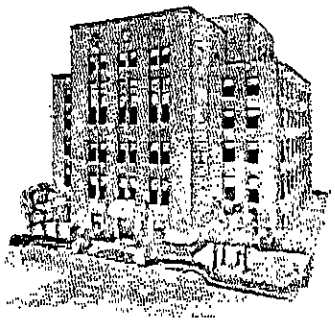
CARTO & HARRIS, INC., SPENCER, W. VA. RE-ORDER NO. 134838-03

William L. Coffindaffer — Reappointed Member of Greater Harrison Public Service District

WHEREAS, the term of office of William L. Coffindaffer as a member of the Greater Harrison Public Service District Board did expire on December 9, 2003; and,

WHEREAS, the County Commission has reappointed William L. Coffindaffer as such member aforesaid;

Thereupon came William L. Coffindaffer and accepted said office or trust and took the oath prescribed by law, for a term office beginning December 11, 2003 through December 9, 2009.



HARRISON COUNTY COURT HOUSE

Harrison County Commission

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

COMMISSIONERS
FRANK "CHUNKI" ANGOTTI
BERNIE FAZZINI
RONALD R. WATSON

January 23, 2009

Mr. William C. Hoover, General Manager
Greater Harrison County Public Service District
Post Office Box 190
West Milford West Virginia 26451

Dear Bill:

This letter is to advise you and your board that the Harrison County Commission unanimously approved the appointment of Gerald C. Everett to fill the un-expired term of Evan Hugus on the GHCPSD, at their regular meeting on Thursday, January 22, 2009.

Mr. Everett was administered the Oath of Office by Commissioner Watson on January 23, 2009. His term of office will be from January 23, 2009 to December 9, 2009.

Please send all correspondence to Mr. Everett at the following address:

Post Office Box 463
Lost Creek WV 26385

If further information is needed, please feel free to contact us.

Sincerely,

Regina

Regina Seamon, Administrative Assistant
Harrison County Commission

/ras
Enclosure

Session Held
County Commission

Minutes of July 17, 2008
Meeting -- Approved

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

COMMISSIONERS
FRANK "CHUNKI" ANGOTTI
RONALD R. WATSON
Bernie Fazzini

At the regular meeting of the County Commission of Harrison County held on Thursday, July 17, 2008, Commissioners Ron Watson, Frank Angotti and Bernie Fazzini were present. Also present was Susan Thomas, County Clerk and Regina Seamon, Administrative Secretary. Commission President Watson opened the meeting and Russell Snyder led those present in the Pledge of Allegiance to the Flag. Anyone wishing to speak during Public Comment may do so at end of Agenda items.

1. Action on Consent Agenda: Fazzini moved to approve Consent Agenda as amended and Motion passed unanimously.
2. Payroll Change Notices: NONE
3. Exonerations/Corrective Tickets/Joint Property Applications: Angotti moved to approve Exonerations and Corrective Tickets as presented and Commission concurred.
4. Consolidations of Land/Segregations of Land: NONE
5. Request to travel/Sheriff's Dept./James C. Jack/Joe Carbacio/Patricia Combs/Kimberly Shaffer/Diana Book/Sheriff's Annual In-Service Training Seminar/September 15 – September 17, 2008/Oglebay Resort/Wheeling, WV: Angotti moved to approve and Commission concurred.
6. Letter from Greater Harrison County PSD RE: Re-Appointment: Fazzini moved to re-appoint William Derrickson and Commission concurred.
7. Memo consideration/approval RE: Mileage rate increase for approved travel: Angotti moved to approve and Commission agreed unanimously.
8. Letter from Magistrate Court Clerk RE: Applicants for Deputy Magistrate Clerk position: Fazzini moved to approve Erin Minor for position and Commission concurred.
9. Memo RE: Applicants for Administrative Assistant Aide: Fazzini moved to approve Marsha Frederick and Commission agreed unanimously.
10. Letter from Cranston & Edwards RE: Motion for Continuance/Estate of J. M. Pigott: Fazzini moved to set Hearing for Thursday, August 21, 2008 9:30 A.M. and Commission concurred.

FROM THE TABLE: Fazzini moved T6 from the TABLE and Commission concurred.

T6. Various requests for funding: Request from Town of Lumberport for funds for recreational projects and other projects. After some discussion, Angotti moved to place on next week's Agenda in order to procure more information on request. Commission concurred.

At this time, Commission introduced Russell Snyder.

With no further business to come before the Commission, meeting adjourned.

Ronald Watson, President

7-24-08
Date

450

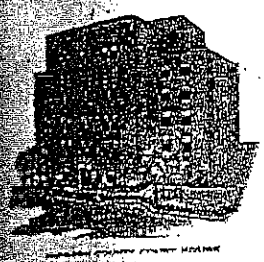
ORDERS—Commissioners Harrison County, W. Va.

THURSDAY, OCTOBER 2, 20 08

Session Held :

County Commission

Minutes of September 25, 2008
Meeting -- Approved



Harrison County Commission

301 WEST MAIN STREET
CLARKSBURG, WEST VIRGINIA 26301
304-624-8500
FAX (304) 624-8679

COMMISSIONERS
FRANK "CHUNIO" ANGOTTI
BERNIE FAZZINI
RONALD R. WATSON

At the regular meeting of the County Commission of Harrison County held on Thursday, September 25, 2008, Commissioners Ron Watson and Bernie Fazzini were present. Commissioner Frank Angotti was not present. Also present was Susan Thomas, County Clerk and Regina Scamon, Administrative Secretary. Commission President Watson opened the meeting and Sara Kapis led those present in the Pledge of Allegiance to the Flag. Anyone wishing to speak during Public Comment may do so at end of Agenda Items.

1. Action on Consent Agenda: Fazzini moved to approve Consent Agenda and Commission concurred.
2. Payroll Change Notices: Fazzini moved to approve Payroll Change Notices as presented and Commission concurred.
3. Exonerations/Corrective Tickets/Joint Property Applications:
4. Consolidations of Land/Segregations of Land: NONE
5. Letter from City of Clarksburg RE: Notice of Public Hearing – Proposed creation of tax increment financing district and project plan/September 30, 2008/5:30 p.m./Clarksburg Municipal Building: Fazzini moved to make a part of today's record and Commission concurred.
6. Invitation from Greater Clarksburg Convention & Visitors Bureau RE: 2008 WV Teacher Achievement Award Luncheon/October 2, 2008/12:00 p.m./Glen Elk Gardens Banquet Hall: Fazzini moved to make a part of today's record and Commission concurred.
7. Letter from Greater Harrison PSD RE: Reappointment of board member: Greater Harrison PSD recommends reappointment of Greg Robertson. Fazzini moved to reappoint Robertson and Commission concurred.
8. Order for signature RE: Pigott Estate: Fazzini moved to authorize signature on Order and Commission concurred.

9:15 A.M. AGENDA ITEM: Health Access – Rob Gifford, Jim Harris and Board Members RE: Status update and funding request: Speaking before the Commission on behalf of Health Access – Jim Harris, Director, and Rob Gifford, Board President. Jim Harris opened by thanking the Commission for past support and explained how Health Access performs a viable service to the Community. After some discussion of finances and the Health Access Program itself, Commissioner Fazzini moved to approve $20,000.00 (paid quarterly) and Commission concurred.

GATO & HARRIS, INC., SPENCER, W. VA. RE-ORDER NO. 20016-06

At this time, Terry Schulte, Planning gave update on various projects:
1. Cost estimate on Family Law Court: $297,000.00 (more or less). Pre-bid will be Tuesday, September 30, 2008 at 1:00 p.m. Bid opening is scheduled Tuesday, Oct. 14, 2008.
2. Letter from MSES regarding structural work done in the basement.
3. Letter from Lake Floyd Club regarding water issue. Discussion on Salem water problems ensued. Mr. Williams asked if meeting in Charleston was open to the public and the consensus of opinion was that it was an open meeting.
4. Maple Lake letter of complaint regarding issues under Clean Water Act: The Army Corps of Engineers sent letter to Mr. Lindsay instructing him to remove fill. Planning is sending Notices of Violations from their office.
5. Lost Creek Depot: State signed and Notice to Proceed to Construction is in the process. After Notice, this will go to bid.

9:30 A.M. AGENDA ITEM: Mike Fresa RE: Request to do health insurance survey for county employees. Mike Fresa wants employment information in order to give insurance quote. Fazzini moved to let Joe Shaffer, Legal, look at this and render an opinion on how the Commission should proceed. Commission concurred.
9:45 A.M. AGENDA ITEM: Paul Bump RE: Phone system: 2 bids received and reviewed. Verizon met the needs and specs. Have had meetings with Verizon to try to get price down and tailor plan. Bump presented contracts for approval and signature. He stated that Legal has reviewed contracts and has OK'd content. Bulk of cost for 9-1-1 part of contract will come out 9-1-1 funds ($474,025.47 – Harrison and $118,506.34 – Taylor). Levy Money will be used for EOC Phones – 10 I.T. phones: $4,461.16. 54 phones for Sheriff's Office side and garage will cost $21,782.00 (minus approximately $4,000.00 for Task Force) and Bump does not have money resources for this expense. Fazzini moved to approve expenditures for system as presented except for the Sheriff, Garage and Task Force. Commission concurred.

PUBLIC COMMENT:

Mr. Williams, Salem, submitted invoices showing charges from Sun Valley PSD for transcript of a meeting. Cost for Sun Valley transcript was $305.73. Clarksburg Water Board charged $368.00.

With no further business to come before the Commission, meeting adjourned.

Ronald Watson, President

10-2-08
Date

STATE OF WEST VIRGINIA,

County of Harrison:

I, SUSAN J. THOMAS, Clerk of The County Commission of Harrison County, WV, do hereby certify that the foregoing writing is a true and accurate copy as appears of record in my office in GENERAL ORDER Book No. 77 at Page 450, of said records.

Given under my hand and Seal of said Office, this 10 day of October, 2008.

Clerk, Harrison County Commission

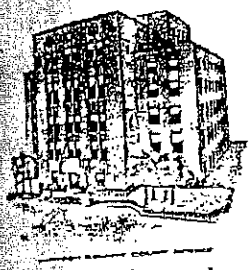
ORDERS — Commissioners Harrison County, W. Va.

THURSDAY, January 25, 20 07

Session Held

County Commission

Minutes of January 18, 2007
Meeting - Approved



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

COMMISSIONERS
Roger Diaz
Frank "Chunki" Angotti
Ronald R. Watson

At the regular meeting of the County Commission of Harrison County held on Thursday, January 18, 2007, Commissioners Ron Watson, Frank Angotti and Bernie Fazzini were present. Also present were Susan Thomas, County Clerk, James McMurtry, County Administrator. Commissioner Watson opened the meeting and Greg Dale led those present in the Pledge of Allegiance to the Flag. Anyone wishing to speak during Public Comment may do so at end of Agenda items.

1. Action on Consent Agenda: Angotti moved to approve Consent Agenda and Motion carried.
2. Minutes of the previous meeting: Angotti moved the Minutes of previous meeting be approved as presented and Motion carried.
3. Payroll Change Notices: Angotti moved to approve Payroll Change Notice as presented. and Commission concurred.
4. Exonerations/Corrective Tickets/Joint Property Applications: Angotti moved to approve the Exonerations as presented and Commission concurred.
5. Purchase Orders: Angotti moved to approve Purchase Orders as presented and Commission concurred.
6. Consolidations of Land/Segregations of Land: NONE
7. Memo from Prosecutor RE: Buy-in for insurance/new Asst. PA: Angotti moved to approve if request falls within guidelines. Commission concurred.
8. Letter from Sun Valley PSD RE: Consideration of re-appointment of Greg Dale: Fazzini moved to approve re-appointment of Greg Dale and Commission concurred.
9. Letter from Circuit Clerk & 2 deputies RE: Request to travel/WVACo Annual Meeting/February 11-13, 2007/Charleston Marriott: Angotti moved to approve and Commission concurred.
10. Letter from Fred Smart RE: Resignation: Angotti moved to make part of record and Commission agreed unanimously.
11. Letter from HCDA RE: Request for recommendation/Industrial Access Road funds/to WV Economic Development Office for consideration: Angotti moved to approve request and Commission concurred.
12. Appointment data sheet/James L. Scudere/Greater Harrison PSD: Fazzini moved to approve appointment of James Scudere to Greater Harrison PSD and Commission concurred.
13. Close out/Marshville Community Center: This is a completion of the project and requires signatures. Fazzini moved to authorize signature and close out this project. Commission concurred.

CLERK & HARRIS, INC., SPENCER, W. VA. RE-ORDER NO. 124253-05

14. Change of Scope/Courthouse Facilities: TABLED by Commission President
15. Concurrence letter/Rails-Trails/North Bend: T. Schulte, Planning Commission, gave an overview of why she and the State Rail Authority advise against purchasing the rail bed from CSX. The section in question is a liability possibly involving environmental issues. CSX is asking $17,000.00 plus responsibility for any environmental concerns to be shouldered by County. Angotti moved to approve recommendation of Planning and authorize signature on letter to State regarding this recommendation and Commission concurred.
16. Letter from Commissioner Gobel/Taylor County/RE: Request a review of Taylor County's contribution to the 911 Service in Harrison County: NO FORMAL ACTION. Jim McMurtry, County Administrator, directed to investigate and bring back report to the Commission. A Letter to Commissioner Gobel will be drafted after investigation completed.

9:15 A.M. AGENDA ITEM: Sheriff Jack & Chief Marano RE: Overtime budget: Sheriff Jim Jack and Chief Deputy Albert Marano requested $35,000.00 be added to their budget to cover overtime for the year. After much discussion and explanation, Angotti moved to honor request for up to $35,000.00 in budget for overtime, however Sheriff Jack will submit a bill each month to the Commission for payment rather than the entire amount being put in budget. Commission concurred.

PUBLIC COMMENT: Kathy Titus, informed the Commission that there is plans for a "mass wedding" on the Courthouse Plaza on Feb. 14, 2007 with Judge Thomas Bedell presiding. Other activities include 2/19/2007 commemorating the signing of the Clarksburg City Charter.

With no further business to come before the Commission, meeting adjourned.

Ronald Watson, President

1-25-07
Date

BK0036 PG0657

Susan J Thomas
HARRISON County 01:57:48 PM
Instrument No 200900037925
Date Recorded 11/19/2009
Document Type OATH
Book-Page 36-657

OATH OF OFFICE AND CERTIFICATE

STATE of WEST VIRGINIA)
)
Harrison County, to-wit)

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member, Greater Harrison Public Service District

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

Signature of Affiant

Gerald Everett

Subscribed and sworn to before me, in said County and State, this 19th day of November, 2009.

Frank T. Angotti, Jr., President

Bernie Fazzini, Member

Ron Watson, Member

BK0036 PG0661

Susan J Thomas
HARRISON County 10:08:29 AM
Instrument No 200909058664
Date Recorded 11/30/2009
Document Type OATH
Book-Page 36-661

OATH OF OFFICE AND CERTIFICATE

STATE of WEST VIRGINIA)
)
Harrison County, to-wit)

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member, Greater Harrison Public Service District

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

Signature of Affiant William Coffindaffer
William Coffindaffer

Subscribed and sworn to before me, in said County and State, this 24th

day of November, 2009.

Frank T. Angotti, Jr., President

Bernie Fazzini, Member

Ron Watson

Ron Watson, Member

OATH OF OFFICE AND CERTIFICATE

SUSAN J THOMAS
HARRISON County 09:37:35 AM
Instrument No 200800028490
Date Recorded 10/10/2008
Document Type OATH
Book-Page 36-384

STATE of WEST VIRGINIA)
)
Harrison County, to-wit)

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member, Greater Harrison Public Service District

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

Signature of Affiant
Gregory D. Robertson

Subscribed and sworn to before me, in said County and State, this 8th day of October 2008.

Ron Watson
Ron Watson, President

Frank "Chunki" Angotti, Member

Bernie Fazzini, Member

OATH OF OFFICE AND CERTIFICATE

SUSAN J THOMAS
HARRISON County 10:50:06 AM
Instrument No 200800019854
Date Recorded 07/22/2008
Document Type OATH
Book-Page 36-349

STATE of WEST VIRGINIA)
)
Harrison County, to-wit)

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member, Greater Harrison Public Service District

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

Signature of Affiant
William J. Derrickson

Subscribed and sworn to before me, in said County and State, this 18th day of July, 2008.

Ron Watson, President

Frank "Chunki" Angotti, Member

Bernie Fazzini, Member

OATH OF OFFICE AND CERTIFICATE

STATE of WEST VIRGINIA)
)
Harrison County, to-wit)

I do solemnly swear that I will support the Constitution of the United States and the Constitution of the State of West Virginia, and that I will faithfully discharge the duties of the office of Member, Greater Harrison Public Service District

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

Signature of Affiant James L. Scudere
James L. Scudere

Subscribed and sworn to before me, in said County and State, this 24th day of January, 2007.

Ron Watson, President

Frank "Chunky" Angotti, Member

Bernie Fazzini, Member

RULES OF PROCEDURE

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at Highland Dam Road, West Milford, Harrison County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Greater Harrison County Public Service District, and in the center "seal" as follows:

Section 4: The fiscal year of the District shall begin on July 1 of each year and shall end on the following June 30.

ARTICLE II

PURPOSE

This District is organized exclusively for the purposes set forth in Chapter 16, Article 13A of the Code of West Virginia of 1931, as amended (the "Act").

ARTICLE III

MEMBERSHIP

Section 1. The members of the Public Service Board of this District shall be those persons appointed by The County Commission of Harrison County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the third Wednesday of each month, at such place and hour as the members shall determine from time to time. If the day stated shall fall on a legal holiday, the meeting shall be held on the following day. Special meetings of the Public Service Board may be called at any time by the Chairman or by a quorum of the Board.

Section 2. At any meeting of the Public Service Board of the District, 2 members shall constitute a quorum. Each member of the Public Service Board shall have one vote at any membership meeting and if a quorum is not present, those present may adjourn the meeting to a later date.

Section 3. Unless otherwise agreed, notice to members of regular meetings shall not be required. Unless otherwise waived, notice of each special meeting of the membership shall be given to all members by the Secretary by fax, telephone, mail or other satisfactory means at least 3 days before the date fixed for such special meeting. The notice of any special meeting shall state briefly the purposes of such meeting and the nature of the business to be transacted thereat, and no business other than that stated in the notice or incidental thereto shall be transacted at any such special meeting.

PUBLIC NOTICE OF MEETINGS

Section 4. Pursuant to Section 3, Article 9A, Chapter 6 of the West Virginia Code of 1931, as amended (1999 Revision), notice of the date, time, place and agenda of all regularly scheduled meetings of such Public Service Board, and the date, time, place and purpose of all special meetings of such Public Service Board, shall be made available, in advance, to the public and news media (except in the event of an emergency requiring immediate action) as follows:

A. Regular Meetings. A notice shall be posted and maintained by the Secretary of the Public Service Board of the Public Service District at the front door or bulletin board of the Harrison County Courthouse and at the front door or bulletin board of the place fixed for regular meetings of the Public Service Board of the date, time and place fixed and entered of record by the Public Service Board for the holding of regularly scheduled meetings. In addition, a copy of the agenda for each regularly scheduled meeting shall be posted at the same locations by the Secretary of the Public Service Board not less than 72 hours before such regular meeting is to be held. If a particular regularly scheduled meeting is cancelled or postponed, a notice of such cancellation or postponement shall be posted at the same locations as soon as feasible after such cancellation or postponement has been determined.

B. Special Meetings. A notice shall be posted by the Secretary of the Public Service Board at the front door or bulletin board of the Harrison County Courthouse and at the front door or bulletin board of the place fixed for the regular meetings of the Public Service Board not less than 72 hours before a specially scheduled meeting is to be held, stating the date, time, place and purpose for which such special meeting shall be held. If the special meeting is cancelled, a notice of such cancellation shall be posted at the same locations as soon as feasible after such cancellation has been determined.

ARTICLE V

OFFICERS

Section 1. The officers of the Public Service Board shall be a Chairman, a Secretary and a Treasurer. The Chairman shall be elected from the members of the Public Service Board. The Secretary and Treasurer need not be members of the Public Service Board, and may be the same person.

Section 2. The officers of the Public Service Board shall be elected each year by the members at the first meeting held in such year. The officers so elected shall serve until the next annual election by the membership and until their successors are duly elected and qualified. Any vacancy occurring among the officers shall be filled by the members of the Public Service Board at a regular or special meeting. Persons selected to fill vacancies shall serve until the following January meeting of the Board when their successors shall be elected hereinabove provided.

ARTICLE VI

DUTIES OF OFFICERS

Section 1. When present, the Chairman shall preside as Chairman at all meetings of the Public Service Board. The Chairman shall, together with the Secretary, sign the minutes of all meetings at which he or she shall preside. The Chairman shall attend generally to the executive business of the Board and exercise such powers as may be conferred by the Board, by these Rules of Procedure, or as prescribed by law. The Chairman shall execute, and if necessary, acknowledge for record, any deeds, deeds of trust, contracts, notes, bonds, agreements or other papers necessary, requisite, proper or convenient to be executed by or on behalf of the Board when and if directed by the members of the Board.

Section 2. The Secretary shall keep a record of all proceedings of the Board which shall be available for inspection as other public records. The Secretary shall, together with the Chairman, sign the minutes of the meetings at which he or she is present. The Secretary shall have charge of the minute book, be the custodian of the Common Seal of the District and all deeds and other writings and papers of the Board. The Secretary shall also perform such other duties as he or she may have under law by virtue of the office or as may be conferred from time to time by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 3. The Treasurer shall be the lawful custodian of all funds of the District and shall disburse funds of the District on orders authorized or approved by the Board. The Treasurer shall keep or cause to be kept proper and accurate books of accounts and proper receipts and vouchers for all disbursements made by or through him and shall prepare and submit such reports and statements of the financial condition of the Board as the members may from time to time prescribe. He shall perform such other duties as may be required of him by law or as may be conferred upon him by the members of the Board, these Rules of Procedure or as prescribed by law.

Section 4. If the Chairman, Secretary or Treasurer is absent from any meeting, the remaining members of the Board shall select a temporary chairman, secretary

or treasurer, as necessary, who shall have all of the powers of the absent officer during such period of absence.

ARTICLE VII

AMENDMENTS TO RULES OF PROCEDURE

These Rules of Procedure may be altered, changed, amended, repealed or added to at any regular or special meeting of the Board by a majority vote of the entire Board, or at any regular or special meeting of the members when a quorum is present in person and a majority of those present vote for the amendment; but no such change, alteration, amendment, repeal or addition shall be made at any special meeting unless notice of the intention to propose such change, alteration, amendment, repeal or addition and a clear statement of the substance thereof be included in the written notice calling such meeting.

These Rules of Procedure shall replace any and all previous rules of procedure, bylaws or similar rules heretofore adopted by the District.

Adopted this 18th day of June, 2003.

06/17/03
352650.00001

GREATER HARRISON COUNTY PSD
Monthly Report
January 20, 2010

PRESENT

Bill Coffindaffer, Chairman
William Jody Derrickson, Board Member
Gerald Everett, Treasurer
Greg Robertson, Secretary
Jim Scudere, Board Member
Bill Hoover, General Manager
Carolyn McDonald, Finance
Clay Riley, Thrasher Engineering
Tom Michael, Attorney

PUBLIC PRESENT

Phil Jefferies, Dingess Transport

The Chairman of called the meeting to order, beginning with approval of the December 2009, minutes. Having no additions or corrections, the minutes stand approved.

Greg moved to approve the minutes for December, 2009, Jody second, no further discussion, all in favor, motion carried.

ACTION ITEMS

Clay Riley, gave us an update for Thrasher Engineering. He went over the recent work that has been done, etc. He started with Route 76; he stated that they had some paperwork, that needed "cleaned up", which he explained. Regarding Route 25 there are 4 major items which still need completed until you can say it is done, Lost Creek booster station, the telemetry, started up, the upgrades at the Mt. Clare still needs completed, they still have some piping, and have to install the trolley hoist, the final inspection, and punch lists. At this time they are 38 days past their contract time. They have not submitted a pay requisition at this time. There was a lengthy discussion on this.

Regarding Route 73 Phase II sewer Clay stated that there was a public meeting, which had a nice turnout of people, about 75 coming from Country Club and Laurel Park. He had acquired a couple rights of ways, that evening. They addressed a lot of comments and questions.

Clay went over issues regarding Contract 1, Phase 2. Regarding Hoop Pole Hollow, they got the pressure recordings back, he explained this. Tom stated that they needed consensus of the board to file, on Phase 2; consensus of the board was given, to go ahead and file no need for a motion.

LEGAL ISSUES

Tom brought us up to date on the legal issues with the district. He stated that he would like to revisit the design loan, regarding rate increases, etc he explained that there were policies that have been changed, a staff shakeup, etc. He felt that they should push it through. He explained the importance of real estate acquisition, which could and probably will be critical in this project.

Tom stated that they got the easement and bill of sale from GAL Company. They donated a sewer line on Route 76, along Blue Dot. It has been recorded.

DINGESS TRANSPORT

Phil Jefferies, with Dingess Transport, came to discuss with the board the contract and condition of the project. Mr. Jefferies stated that he thought the only thing left to do was the certification. Bill H. clarified it and explained first, when they met, that he and Jerry paid Phil the money for the control panel, Bill H. explained that they were under the impression that Dingess Transport was going to add $11,000 to that for the booster station. Bill stated that they cannot start the booster station, until it was paid for. Bill H. stated to Mr. Jeffries that he had indicated, Dingess Transport was going to cut the check and pay for it. Bill explained this in detail. He explained that they lost just in one night 50,000 gallon of water out of this leaky tank. He explained the importance of getting the new station paid for so that they could start it up and get it in service. There was a lengthy discussion on this matter. Clay stated that the telemetry needed completed, the new pump station needs to be working, he stated that just because it was installed, did not mean it was working. This all was explained to Phil Jefferies, and Mr. Jefferies tried to explain to them his situation. Phil explained that he had a change order for an extension of time, but was not going to submit it at this time. There was a lengthy discussion regarding this subject.
Clay discussed the problems he has had with Dingess Transport, contracts; he stated that the work was done well, that it was the paperwork, which has been the problem. He explained this.

GENERAL MANAGERS REPORT

Bill Hoover brought us up to date with the general manager's report, beginning with the water loss report.

Water Loss Report

Lost Creek/Mount Clair	20%
Quietdell	17.6%
Valley Good Hope	20.6%
Consolidated Loss	21.1%

Bill went over the water losses, and explained these to the board; he explained that a lot of the loss might have been due to the leaky tank that was discussed earlier.
He went over County Route 25, the package plant report etc. He presented the package plant report for the board to review. He stated that they had their meeting on Phase 2 sewer, they were about 75 people attended. He got one signed right of way, yesterday. He stated that he explained to the residents that they had no money, that all of this would be donations, etc. There was a lengthy discussion on this.

Also on the sewer division, Bill went over the bills, from the City of Bridgeport, on the Rt. 76 (Lakeland Terrace area). There was a lengthy discussion over a bill that was received with an outrageous reading. The bill the District receives has no read dates to show calculations or previous and current read, simply it states gallons treated only. Contact will be made with Bridgeport again to try to correct the problem. The I&I from that area is extremely high, the bill reflects that in gallons treated. The District believes the flow meter is working properly and the flows are accurate.

FINANCIAL REPORT

Carolyn presented the check register for the water division for the board to approve; checks needing approval are 4774-4788.

Greg made the motion to approve checks 4774-4788, seconded by Gerald, no further discussion, all in favor, motion carried.

Carolyn presented the check register for the sewer division for the board to approve; checks needing approval are 18055-18173.

Greg made the motion to approve checks 18055-18173 Gerald seconded, no further discussion, all in favor, motion carried.

Bill H. discussed the new water budget, and the new handbook. He discussed sick leave, vacation leave, insurance, etc. There will be a section added in the hand book that when you use all your sick leave and vacation leave, that will be it. He will present it next meeting, to the board for approval. Bill H. also discussed election of officers.

Greg made the motion to retain the existing officers for the year 2010, Gerald seconded, no further discussion, all in favor, motion carried.

The next item Bill H. brought up for discussion was the mileage rates and hotel rates that they pay for reimbursements for the calendar year. Currently the rate is .55 cents a mile, and hotel was $80.00 a day without board approval. They discussed changing mileage to .50 cents a mile. Food reimbursements were $39.00 per day. The board discussed this and decided that, to turn in your receipts was good enough. Bill H. stated that they would go over the budget in a future meeting, before the 2nd week of May.

The next scheduled board meeting will be February 17, 2010. Having nothing further the meeting stands adjourned.

Chairman

Secretary

Board Member

Board Member

Board Member

Board Member

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned SECRETARY of the Public Service Board of Greater Harrison County Public Service District hereby certifies that the following is a true and correct excerpt of the minutes of a regular meeting of the said Public Service Board:

*** ***
***

The Public Service Board of Greater Harrison County Public Service District met in regular session, pursuant to notice duly posted, on the 16th day of June, 2010, in Harrison County, West Virginia, at the hour of 9:00 a.m.

PRESENT:
William L. Coffindaffer, Chairman
Gerald Everett, Treasurer
Gregory D. Robertson, Secretary
James L. Scudere
William J. Derrickson

ABSENT:
None.

William L. Coffindaffer, Chairman, presided, and Gregory D. Robertson, acted as Secretary. The Chairman announced that a quorum of members was present and that the meeting was open for any business properly before it.

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

RESOLUTION AUTHORIZING THE DESIGN OF ADDITIONS, BETTERMENTS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC

SEWERAGE FACILITIES OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $878,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Gerald Everett and seconded by William J. Derrickson, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

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

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNT, DATE, MATURITY DATE, REDEMPTION PROVISION, INTEREST RATE, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWERAGE SYSTEM DESIGN REVENUE BONDS, SERIES 2010 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO THE BONDS; AUTHORIZING AND APPROVING THE SALE OF THE BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK AND MAKING OTHER PROVISIONS AS TO THE BONDS.

and caused the same to be read and there was discussion. Thereupon, upon motion duly made by William J. Derrickson and seconded by Gregory D. Robertson, it was unanimously ordered that the said Supplemental Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Draw Resolution for the approval of invoices. Thereupon, on motion duly made by Gerald Everett and seconded by Gregory D. Robertson, it was unanimously ordered that the said Draw Resolution be adopted.

Next, the Chairman presented a proposed Sweep Resolution for the authorization of electronic monthly debt service and reserve fund payments to the Municipal Bond Commission. Thereupon, on motion duly made by Gerald Everett and seconded by William J. Derrickson, it was unanimously ordered that the said Sweep Resolution be adopted.

*** ***
***

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

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Greater Harrison County Public Service District and that such actions remain in full force and effect and have not been amended, rescinded, superseded, repealed or changed.

WITNESS my signature on this 24th day of June, 2010.

Secretary

06.10.10
352650.00007

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

NEW ISSUE REPORT FORM

Date of Report: 24-Jun-10

ISSUE: Greater Harrison County Public Service District
Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority)

ADDRESS: Post Office Box 190, West Milford, West Virginia 26451 COUNTY: Harrison

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 24-Jun-10
CLOSING DATE: 24-Jun-10

ISSUE AMOUNT: 878,500
RATE: 3% interest only for 24 months; then 5%

1ST DEBT SERVICE DUE: 10/1/2010 interest o
1ST PRINCIPAL DUE 1-Oct-12

1ST DEBT SERVICE AMOUNT TBD
PAYING AGENT: Municipal Bond Commission

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

UNDERWRITERS COUNSEL
Firm: Jackson Kelly, PLLC
Contact: Samme Gee, Esquire
Phone: (304) 340-1318

CLOSING BANK:
Bank: Harrison County Bank
Contact: Carol Nay
Phone: 304.745.3332

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: William Hoover
Position: General Manager
Phone: 304.745.3463

OTHER:
Agency: West Virginia Water Development Authority
Contact: Chris Jarrett
Position: Director
Phone: 304.558.3612

DEPOSITS TO MBC AT CLOSE
By: ____ Wire ____ Check

____	Accrued Interest:	$
____	Capitalized Interest:	$
____	Reserve Account:	$
____	Other:	$

REFUNDS & TRANSFERS BY MBC AT CLOSE
By: ____ Wire ____ Check ____ IGT

____	To Escrow Trustee	$
____	To Issuer	$
____	To Cons. Invest. Fun	$
____	To Other: ____	$

NOTES: The Series 2010 A Bonds Reserve Account will be funded in equal monthly installments over a 10 year period. starting month 25.

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

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

HARRISON COUNTY BANK, Lost Creek, West Virginia, hereby accepts appointment as Depository Bank in connection with the Bond Resolution of Greater Harrison County Public Service District (the "Issuer") adopted June 16, 2010, and the Supplemental Resolution of the Issuer adopted June 16, 2010 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), dated June 24, 2010, issued in the principal amount of $878,500 (the "Series 2010 A Bonds"), and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 24th day of June, 2010.

HARRISON COUNTY BANK

By: Montie Fowl SVP
Its: Authorized Officer

06.10.10
352650.00007

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

ACCEPTANCE OF DUTIES AS REGISTRAR

The Huntington National Bank, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Greater Harrison County Public Service District Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), issued in the principal amount of $878,500 (the "Series 2010 A Bonds"), and agrees to perform all duties of Registrar in connection with the Series 2010 A Bonds, all as set forth in the Bond Legislation authorizing issuance of the Series 2010 A Bonds.

WITNESS my signature on this 24th day of June, 2010.

THE HUNTINGTON NATIONAL BANK
Charleston, West Virginia

By: _____
Its: Authorized Officer

06.10.10
352650.00007

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

CERTIFICATE OF REGISTRATION OF BONDS

The Huntington National Bank, Charleston, West Virginia, as Registrar (the "Registrar"), hereby certifies that on the date hereof, the single, fully registered Sewerage System Design Revenue Bond, Series 2010 A (West Virginia Water Development Authority), of the Issuer, dated June 24, 2010, in the principal amount of $878,500, number AR-1, was registered as to principal and interest, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of the Registrar.

WITNESS my signature on this 24th day of June, 2010.

THE HUNTINGTON NATIONAL BANK
Charleston, West Virginia

By: _____
Its: Authorized Officer

06.10.10
352650.00007

CH5101214

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of this 24th day of June, 2010, by and between GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia (the "Issuer"), and THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia (the "Registrar").

WHEREAS, the Issuer has, contemporaneously with the execution hereof, issued and sold its $878,500 Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority), in fully registered form (the "Series 2010 A Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted June 16, 2010, and a Supplemental Resolution of the Issuer duly adopted June 16, 2010 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or

similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

1. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

2. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

3. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

4. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

5. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

6. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Greater Harrison County Public Service District Post Office Box 190 West Milford, West Virginia 26451 Attention: Chairman
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Corporate Trust Department

7. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

8. The Registrar shall not discriminate on the basis of race, color, national origin or sex in the performance of this Agreement. The Registrar shall carry out applicable requirements of 40 CRF part 33 in the award and administration of contracts awarded under EPA financial assistance agreements. Failure by the Registrar to carry out these requirements is a material breach of this Agreement which may result in the termination of this Agreement or other legal available remedies.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, the parties hereto have respectively caused this Registrar's Agreement to be signed in their names and on their behalf, all as of the day and year first above-written.

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

By: _____
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

06.10.10
352650.00007

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(See attached)

Private Financial Group
P.O. Box 633 - WE3013
Charleston, West Virginia 25322-0633

Huntington

STATEMENT OF REGISTRAR'S FEES
Invoice Date June 24, 2010

Greater Harrison County Public Service District
Account Number 6089001809

Greater Harrison County Public Service District
Sewerage System Design
Revenue Bonds, Series 2010 A
C/o John C. Stump
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT

****

FEE CALCULATION FOR June, 2010

****

TOTAL AMOUNT	$ 500.00
TOTAL DUE	**$ 500.00**

MAIL CHECK TO:
THE HUNTINGTON NATIONAL BANK
ATTN: BARRY GRIFFITH – WE3013
PO BOX 633
CHARLESTON, WV 25322-0633

PLEASE INCLUDE A COPY OF THIS INVOICE WITH YOUR PAYMENT

IF YOU HAVE ANY QUESTIONS, PLEASE CONTACT
Barry Morgan Griffith at (304) 348-5035

WEST VIRGINIA
Water Development Authority
Celebrating 34 Years of Service 1974 - 2008

June 24, 2010

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Tetrick and Bartlett PLLC, independent certified public accountants, and an opinion of Steptoe & Johnson PLLC, as 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 "Authority"), the registered owner of the Prior Bonds hereinafter defined and described, hereby (1) consents to the issuance of the Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority) (the "Series 2010 A Bonds"), in the original aggregate principal amount of $878,500, by Greater Harrison County Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2010 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's (i) Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771, under its prior name Grant-Union Public Service District (the "Series 1986 A Bonds"); (ii) Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908, under its prior name Grant-Union Public Service District (the "Series 1990 A Bonds"); (iii) Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated June 26, 2003, issued in the original aggregate principal amount of $1,981,165 (the "Series 2003 A Bonds"); (iv) Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), dated June 26, 2003, issued in the original aggregate principal amount of $4,130,000 (the "Series 2003 B Bonds"); and (v) Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated October 27, 2008, issued in the original aggregate principal amount of $943,506 (the "Series 2008 A Bonds"). The Series 1986 A Bonds, Series 1990 A Bonds, Series 1995 Bonds, Series 2003 A Bonds, Series 2003 B Bonds and Series 2008 A Bonds (collectively, the "First Lien Bonds"); and (2) consents to the issuance of the Series 2010 A Bonds on a senior and prior basis to the Issuer's: (i) Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387, under its prior name Grant-Union Public Service District (the "Series 1986 B Bonds"); and (ii) Sewer Revenue Bonds, Series

CH5101216

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

1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,342, under its prior name Grant-Union Public Service District (the "Series 1990 B Bonds"), (collectively, the "Second Lien Bonds"). The First Lien Bonds and Second Lien Bonds are collectively referred to as the "Prior Bonds".

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Carol A. Cummings

Authorized Representative

06.10.10
352650.00007

United States Department of Agriculture
Rural Development
West Virginia State Office

June 24, 2010

Greater Harrison County Public Service District
Sewerage System Design Revenue Bonds, Series 2010 A
(West Virginia Water Development Authority)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative for the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present holder of the Prior Bonds, hereinafter defined and described, hereby consents to: (i) the issuance of the Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority) (the "Series 2010 A Bonds"), in the principal amount of $878,500, by Greater Harrison County Public Service District (the "Issuer"), under the terms of the resolution authorizing the Series 2010 A Bonds (the "Series 2010 A Resolution") on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's assumed loan of Mount Clare Road Public Service District Sewer Revenue Bonds, Series 1995, dated April 18, 1995, issued in the original aggregate principal amount of $432,000 (the "Prior Bonds"); (ii) waive any requirements imposed by the Prior Bonds or the resolution authorizing the Prior Bonds (the "Prior Resolution"), regarding the issuance of parity bonds which are not met by the Series 2010 A Bonds or the Series 2010 A Resolution; and (iii) any amendments made to the Prior Resolution by the Series 2010 A Resolution.

Authorized Representative

Federal Building •1550 Earl Core Road, Suite 101 Morgantown, WV 26505 -7500
Phone: (304) 284-4860 OR 1-800-295-8228 • Fax: (304) 284-4893 • TDD: (304) 284-4836
Web: http://www.rurdev.usda.gov/wv

Committed to the future of rural communities.

"USDA is an equal opportunity provider, employer and lender."
To file a complaint of discrimination write USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, DC 20250-9410 or call (800)795-3272 (voice) or (202) 720-6382 (TDD).

GRANT UNION PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B
and
SEWERAGE SYSTEM
INTERIM CONSTRUCTION FINANCING

BOND AND NOTES RESOLUTION

Table of Contents

Subject		Page
ARTICLE I - STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	4
ARTICLE II - AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT		
Section 2.01	Authorization of Construction and Acquisition of the Project	13
ARTICLE III - AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	14
Section 3.02	Terms of Bonds	14
Section 3.03	Execution of Bonds	15
Section 3.04	Authentication and Registration	15
Section 3.05	Negotiability, Transfer and Registration	15
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	16
Section 3.07	Bonds not to be Indebtedness of the Issuer	17
Section 3.08	Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds	17

Subject		Page
Section 3.09	Form of Original Bonds	17
	FORM OF SERIES 1986 A BOND	18
	FORM OF SERIES 1986 B BOND	25
Section 3.10	Sale of Original Bonds; Execution of Loan Agreement with Authority	32
ARTICLE IV - INTERIM CONSTRUCTION FINANCING		
Section 4.01	Authorization and General Terms	33
Section 4.02	Terms of and Security for Notes; Trust Indenture	33
Section 4.03	Notes are Special Obligations	33
Section 4.04	Letters of Credit	33
ARTICLE V - SYSTEM REVENUES AND APPLICATION THEREOF		
Section 5.01	Establishment of Funds and Accounts with Depository Bank	35
Section 5.02	Establishment of Funds and Accounts with Commission	35
Section 5.03	System Revenues; Flow of Funds	35
ARTICLE VI - BOND PROCEEDS; FUNDS AND ACCOUNTS		
Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	41
Section 6.02	Disbursements from the Bond Construction Trust Fund	42
ARTICLE VII - ADDITIONAL COVENANTS OF THE ISSUER		
Section 7.01	General Covenants of the Issuer	44
Section 7.02	Bonds and Notes not to be Indebtedness of the Issuer	44
Section 7.03	Bonds Secured by Pledge of Net Revenues	44
Section 7.04	Initial Schedule of Rates and Charges	45
Section 7.05	Sale of the System	45
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	46
Section 7.07	Parity Bonds	47
Section 7.08	Books and Records	49
Section 7.09	Rates	50
Section 7.10	Operating Budget and Audit	51
Section 7.11	No Competing Franchise	52
Section 7.12	Enforcement of Collections	52
Section 7.13	No Free Services	52

Subject		Page
Section 7.14	Insurance and Construction Bonds	53
Section 7.15	Mandatory Connections	54
Section 7.16	Completion of Project	54
Section 7.17	Statutory Mortgage Lien	54
ARTICLE VIII - INVESTMENT OF FUNDS; NON ARBITRAGE		
Section 8.01	Investments	56
Section 8.02	Restrictions as to Arbitrage Bonds	56
Section 8.03	Rebates of Excess Arbitrage Earnings	57
ARTICLE IX - DEFAULT AND REMEDIES		
Section 9.01	Events of Default	58
Section 9.02	Remedies	59
Section 9.03	Appointment of Receiver	59
ARTICLE X - DEFEASANCE		
Section 10.01	Defeasance of Series 1986 A Bonds	61
Section 10.02	Defeasance of Series 1986 B Bonds	62
Section 10.03	Defeasance of Notes	63
ARTICLE XI - MISCELLANEOUS		
Section 11.01	Amendment or Modification of Bond Legislation	64
Section 11.02	Bond Legislation Constitutes Contract	64
Section 11.03	Severability of Invalid Provisions	64
Section 11.04	Headings, Etc.	64
Section 11.05	Amendments to Maintain Tax Exemption	64
Section 11.06	Conflicting Provisions Repealed	65
Section 11.07	Covenant of Due Procedure, Etc.	65
Section 11.08	Public Notice of Proposed Financing	65
Section 11.09	Effective Date	66
SIGNATURES		66
CERTIFICATION		67
EXHIBIT A		68

11/05/86
GRAUN2-B

GRANT UNION PUBLIC SERVICE DISTRICT

RESOLUTION

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GRANT UNION PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, AND NOT MORE THAN $6,950,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND NOTES AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GRANT UNION PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Grant Union Public Service District (the "Issuer") is a public service district and public corporation of the State of West Virginia in Harrison County of said State.

B. The Issuer does not presently operate a public sewage treatment, collection and transportation system and it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be constructed certain sewage treatment, collection and transportation facilities of the Issuer (the "Project") which constitute properties for the treatment and collection of liquid or solid wastes, sewage or industrial wastes (the Project, and any additions thereto or extensions thereof is herein called the "System") at an estimated cost of $9,172,087, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein.

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of not more than $2,500,000 in two series, being the Series 1986 A Bonds in the aggregate principal amount of not more than $2,000,000, and the Series 1986 B Bonds in the aggregate principal amount of not more than $500,000 (collectively, the "Bonds"), and (at the option of the Issuer) to issue contemporaneously therewith, or as soon as practicable thereafter, its sewerage system grant anticipation notes, or a note or notes evidencing a line of credit, or both (collectively, the "Notes") in the aggregate principal amount of not more than $6,950,000 to temporarily finance costs of construction and acquisition of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Notes during the term thereof and upon the Bonds prior to and during construction or acquisition and for 6 months after completion of construction of the Project; engineering, and legal expenses; expenses for estimates of cost and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Bonds and Notes and such other expenses as may be necessary or incident to the financing herein authorized, the construction or acquisition of the

Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof, including, with respect to the Notes, any commitment fees to the Credit Bank, as hereinafter defined, and any costs of obtaining insurance thereon; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Bonds or Notes or the repayment of indebtedness incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Original Bonds (as hereinafter defined) be sold to the Authority (as hereinafter defined) pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") heretofore entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority.

G. There are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Bonds as to lien and source of and security for payment. The Series 1986 B Bonds shall be junior and subordinate to the Series 1986 A Bonds as set forth herein. All prior borrowings of the Issuer will be paid in full upon issuance of the Bonds. The Notes, if issued, will not be payable from the Net Revenues, but shall be payable from Grant Receipts, Surplus Revenues and proceeds of a letter of credit, all as shall be set forth in the Indenture or the Supplemental Resolution authorizing the Notes.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Bonds and the Notes, or will have so complied prior to issuance of any thereof, including, among other things, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will have expired on November 25, 1986.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bonds and the Notes by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders and such Noteholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection

and security of the registered owners of any and all of such Bonds and Notes, respectively, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series and between any one Note and any other Note, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser of the Original Bonds, or any other agency of the State of West Virginia that succeeds to the functions of the Authority.

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

"Bond Construction Trust Fund" means the Bond Construction Trust Fund established by Section 5.01 hereof.

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

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

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

"Bonds" means the Original Bonds, and any bonds on a parity therewith authorized to be issued hereunder.

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

"Consulting Engineers" means Cerrone & Vaughn, Inc., Wheeling, West Virginia, or any engineer or firm of engineers that

shall at any time hereafter be retained by the Issuer as Consulting Engineers for the System.

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

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

"Eligible Costs" means Costs of the Project which are reimbursable in full on a dollar-for-dollar basis from EPA Grant Receipts, the total of which are equal in amount to the EPA Grant.

"EPA" means the United States Environmental Protection Agency and any successor to the functions of the EPA.

"EPA Grant" means the grant from the EPA pursuant to the commitment therefor.

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

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

"Governing Body" or "Board" means the public service board of the Issuer, consisting of 3 members, as may hereafter be constituted.

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

"Grant Agreement" means a written commitment for the payment of the EPA Grant or any of the Other Grants, specifying the amount of such Grant, the terms and conditions upon which such Grant is made and the date or dates or event or events upon which Grant is to be paid to the Issuer; provided that, "EPA Grant Agreement" means only the Grant Agreement relating to the EPA Grant and "Other Grant Agreements" means only those Grant Agreements relating to the Other Grants.

"Grant Receipts" means all moneys received by the Issuer on account of any Grant after the date of issuance of the Notes; provided that "EPA Grant Receipts" means only Grant Receipts on account of the EPA Grant, and "Other Grant Receipts" means only Grant Receipts on account of any or all of the Other Grants.

"Grants" means, collectively, the EPA Grant and the Other Grants, as hereinafter defined.

"Grinder Pump Replacement Reserve Account" means the Grinder Pump Replacement Reserve Account established by Section 5.01 hereof.

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

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

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

"Indenture" or "Trust Indenture" means the Trust Indenture which may be entered into between the Issuer and the Trustee relating to the Notes and all supplements or amendments thereto.

"Issuer" means Grant Union Public Service District, in Harrison County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, both dated August 22, 1986, heretofore entered into between the Authority and the Issuer providing for the purchase of the Original Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized by, this Resolution or a resolution adopted by the Issuer prior to the adoption of this Resolution.

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

"New Connection Reserve Account" means the New Connection Reserve Account established by Section 5.01 hereof.

"Noteholder," "Holder of the Notes" or any similar term means the person, whenever used herein with respect to an outstanding Note or Notes, in whose name such Note is registered.

"Notes" or "GAN" means collectively, the not more than $6,950,000 in aggregate principal amount of Sewerage System Grant Anticipation Notes, originally authorized hereby, or the not more than $6,950,000 in aggregate principal amount of a note or notes evidencing a line of credit originally authorized hereby, and unless the context clearly indicates otherwise, the terms "Notes" or "GAN" includes any refunding Notes or GAN of the Issuer.

"Notes Construction Trust Fund" means the Notes Construction Trust Fund which may be established by Section 4.02 of the Indenture.

"Notes Debt Service Fund" means the Notes Debt Service Fund which may be established by Section 4.01 of the Indenture.

"Notes Registrar" means the bank to be designated as such in the Indenture or the Supplemental Resolution and its successors and assigns.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, fees and expenses of the authority, fiscal agents, the Depository Bank, Registrar, Paying Agent and the Trustee (all as herein defined), other than those capitalized as part of the Costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds or Notes, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

"Original Bonds" or "Bonds originally authorized hereby" or similar phrases mean, collectively, the not more than $2,000,000 in aggregate principal amount of Series 1986 A Bonds and the not more than $500,000 in aggregate principal amount of Series 1986 B Bonds, issued for the purpose of paying a portion of the Costs of

the Project and for such other purposes permitted and authorized by this Bond Legislation.

"Original Notes Purchaser" means, in the event grant anticipation notes are issued, G. L. Cottrill & Company, Inc., of Morgantown, West Virginia, or such other original purchaser of the Notes as shall be named in a resolution supplemental hereto, and, in the event a note or notes evidencing a line of credit are issued, such bank or banks as shall be named in a resolution supplemental hereto.

"Other Grants" means collectively, the WDA Grant and any other grant hereafter received by the Issuer to aid in financing any Costs.

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

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

"Paying Agent" means the bank or banks or other entity designated as such for the Bonds and/or the Notes in the Indenture or in the Supplemental Resolution or such entity or authority as may be designated by the Issuer.

"Program" means the Authority's loan program, under which the Authority purchases the water development revenue bonds of local governmental entities satisfying certain legal and other requirements with the proceeds of water development revenue bonds of the Authority.

"Project" means the acquisition and construction of a new sewage treatment plant, gravity and pressure collector sewers, lift stations, force mains and all necessary appurtenances.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The Investment Agreement which may be entered into by and between the Trustee and the bank designated as "Investment Bank" in the Supplemental Resolution; and

(i) 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.

(j) 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 by Standard & Poor's Corporation.

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

"Registrar" means as appropriate, either the Bond Registrar or the Notes Registrar or both.

"Renewal and Replacement Fund" means the Renewal and Replacement Fund established by Section 5.01 hereof.

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

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

"Series 1986 A Bonds" or "Series A Bonds" means the not more than $2,000,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 A, of the Issuer.

"Series 1986 A Bonds Reserve Account" means the Series 1986 A Bonds Reserve Account established in the Series 1986 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 1986 A Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 A Bonds Sinking Fund" means the Series 1986 A Sinking Fund established by Section 5.02 hereof.

"Series 1986 B Bonds" or "Series B Bonds" means the not more than $500,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1986 B, of the Issuer.

"Series 1986 B Bonds Reserve Account" means the Series 1986 B Bonds Reserve Account established in the Series 1986 B Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 1986 B Bonds Reserve Requirement" means, as of the date of calculation, the maximum amount of principal which will become due on the Series 1986 B Bonds in the then current or any succeeding Fiscal Year.

"Series 1986 B Bonds Sinking Fund" means the Series 1986 B Bonds Sinking Fund established by Section 5.02 hereof.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolutions authorizing the sale of the Notes or the Original Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with

respect to the Notes or the Original Bonds, as the case may be, and not so included may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds or any other obligations of the Issuer, including the Renewal and Replacement Fund and the Reserve Accounts, the proceeds of which Bonds or other obligations are to be used to pay Costs of the Project.

"System" means the complete properties of the Issuer for the collection, transportion or treatment of liquid or solid wastes, sewage or industrial wastes, in its entirety or any integral part thereof, and shall include the Project and any further additions, betterments and improvements thereto hereafter constructed or acquired for said system from any sources whatsoever.

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

"Trustee" means the banking institution designated as trustee for the Noteholders under the Indenture, if any, its successors and assigns.

"WDA Grant" means the grant from the West Virginia Water Development Authority pursuant to the commitment therefor.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF CONSTRUCTION AND ACQUISITION OF THE PROJECT

Section 2.01. Authorization of Construction and Acquisition of the Project. There is hereby authorized the construction and acquisition of the Project, at an estimated cost of $9,172,087, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Notes and the Bonds hereby authorized shall be applied as provided in the Indenture, if any, and Article VI hereof, respectively.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Bonds funding a reserve account for each series of Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Original Bonds of the Issuer, in an aggregate principal amount of not more than $2,500,000. Said Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1986 A," in the aggregate principal amount of not more than $2,000,000, and "Sewer Revenue Bonds, Series 1986 B," in the aggregate principal amount of not more than $500,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. Such Bonds shall be issued contemporaneously with or prior to issuance of the Notes, if any. The proceeds of the Bonds remaining after funding of the Reserve Accounts and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Original Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a payment record attached, representing the aggregate principal amount of each series, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Bonds of each series shall be exchangeable at the option and expense of the Holder for other fully registered Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable,

corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

Subsequent series of Bonds, if any, shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, all as determined by a Supplemental Resolution. The registered Bonds shall be dated as of the date specified in a Supplemental Resolution and shall bear interest from such date.

Section 3.03. Execution of Bonds. The Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed 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 3.04. Authentication and Registration. No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.09 shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

So long as any of the Bonds remain outstanding, the Issuer, through the Bond Registrar, shall keep and maintain books for the registration and transfer of the Bonds.

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

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In any case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a

substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Series 1986 B Bonds to be Junior and Subordinate to Series 1986 A Bonds. The payment of the debt service of all the Series 1986 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System. The payment of the debt service of all the Series 1986 B Bonds shall also be secured forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1986 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 3.09. Form of Original Bonds. The text of the Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1986 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT UNION PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That GRANT UNION PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 19____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project") (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately _____ months thereafter; (iii) to fund a reserve account for the Bonds; and (iv) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the _____ day of _____, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 B Bonds,

and all other obligations secured by or payable from such revenues prior to or on a parity with the Bonds or the Series 1986 B Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any fiscal year, and in the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, GRANT UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1986.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

[Form of Series 1986 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT UNION PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That GRANT UNION PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 198__.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the _____ day of _____, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions

thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series 1986 A Bonds, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds in any fiscal year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only

upon the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar") by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or its attorney duly authorized in writing.

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION.

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

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

IN WITNESS WHEREOF, GRANT UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1986.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

[Form of Assignment]

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.10. Sale of Original Bonds; Execution of Loan Agreement with Authority. The Original Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority.

ARTICLE IV

INTERIM CONSTRUCTION FINANCING

Section 4.01. Authorization and General Terms. In order to pay certain Costs of the Project pending receipt of the Grant Receipts, the Issuer may issue and sell its Notes in the aggregate principal amount of not to exceed $6,950,000. The Notes may be in the form of grant anticipation notes or as evidence of a line of credit from a commercial bank or other lender, at the discretion of the Issuer, and as shall be set forth in a resolution supplemental hereto. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the Indenture or supplemental resolution, as applicable.

Section 4.02. Terms of and Security for Notes; Trust Indenture. The Notes shall be issued in fully registered form, in the denomination of $5,000 or any integral multiple thereof, with such terms and secured in the manner set forth in the Indenture, if applicable (which Indenture in the form to be executed and delivered by the Issuer shall be approved by a supplemental resolution), or supplemental resolution, if no Indenture is used.

Section 4.03. Notes are Special Obligations. The Notes shall be special obligations of the Issuer payable as to principal and interest solely from the respective sources described in the Indenture or supplemental resolution. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth in the Indenture.

Section 4.04. Letters of Credit. As additional security for the Notes, the Issuer may obtain a letter or letters of credit from a bank or banks, pursuant to which such bank or banks would agree to pay to the Trustee, upon presentation by the Trustee of certain certificates, the sum or sums set forth therein but not to exceed $2,000,000 in the aggregate. In the event of a draw under any such letter of credit, the Issuer shall issue its refunding notes to the bank issuing such letter of credit. Any such letter of

letter of credit shall be authorized and shall have such terms as shall be set forth in a resolution supplemental hereto.

ARTICLE V

SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with and shall be held by, the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(a) Within the Renewal and Replacement Fund, the Grinder Pump Replacement Reserve Account; and

(b) The New Connection Reserve Account; and

(3) Bond Construction Trust Fund.

Section 5.02. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1986 A Bonds Sinking Fund;

(a) Within the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account.

(2) Series 1986 B Bonds Sinking Fund;

(a) Within the Series 1986 B Bonds Sinking Fund, the Series 1986 B Bonds Reserve Account.

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

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

(2) Thereafter, from the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing 7 months prior to the first date of payment of interest on the Series 1986 A Bonds for which interest has not been capitalized, apportion and set apart out of the Revenue Fund and remit to the Commission, for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/6th of the amount of interest which will become due on said Series 1986 A Bonds on the next ensuing semiannual interest payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making interest payments on the Series 1986 A Bonds; provided, that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next semiannual interest payment date is less than 7 months, then such monthly payments shall be increased proportionately to provide, one month prior to the next semiannual interest payment date, the required amount of interest coming due on such date.

(3) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 A Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 A Bonds Reserve Account for the purpose of making principal payments on the Series 1986 A Bonds; provided that, in the event the period to elapse between the date of such initial deposit in the Series 1986 A Bonds Sinking Fund and the next annual principal payment date is less than 13 months then such monthly payments shall be increased proportionately to provide, one month prior to the next annual principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall also, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 A Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 A Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 A Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 A Bonds Reserve Account when there shall have been deposited

therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 A Bonds Reserve Requirement.

(5) From the moneys remaining in the Revenue Fund, the Issuer shall next, on the first day of each month, commencing with the month succeeding the first full calendar month after commencement of operation of the System; (i) 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 the Series 1986 A Bonds Reserve Account; (ii) transfer to the Grinder Pump Replacement Reserve Account in the Renewal and Replacement Fund the sum of $735; and (iii) transfer to the New Connection Reserve Account in the Renewal and Replacement Fund the sum of $1,154, provided that, no deposit shall be made in either the Grinder Pump Replacement Reserve Account or the New Connection Reserve Account until all payments required to be made pursuant to Sections 5.03(6) and (7) have been made in full. All funds in the Renewal and Replacement Fund including the Grinder Pump Replacement Reserve Account and the New Connection Reserve Account shall be kept apart from all other funds of the Issuer or of the Depository Bank and from each other and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in the Series 1986 A Bonds Reserve Account [except to the extent such deficiency exists because the required payments into such account has not, as of the date of determination of a deficiency, funded such account to the maximum extent required by Subsection 5.03(A)(4)] shall be promptly eliminated with moneys from the Renewal and Replacement Fund. Moneys in the Grinder Pump Replacement Reserve Account shall be used solely for the purpose of replacement and repair of grinder pumps and Moneys in the New Connection Reserve Account shall be used solely for new grinder pump connections.

(6) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal on the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Sinking Fund, a sum equal to 1/12th of the amount of principal which will mature and become due on said Series 1986 B Bonds on the next ensuing principal payment date, less any moneys transferred from the Series 1986 B Bonds Reserve

Account for the purpose of making principal payments on the Series 1986 B Bonds.

(7) The Issuer shall next, on the first day of each month, commencing 13 months prior to the first date of payment of principal of the Series 1986 B Bonds, apportion and set apart out of the Revenue Fund and remit to the Commission for deposit in the Series 1986 B Bonds Reserve Account, an amount equal to 1/120 of the Series 1986 B Bonds Reserve Requirement; provided, that no further payments shall be made into the Series 1986 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 1986 B Bonds Reserve Requirement.

Moneys in the Series 1986 A Bonds Sinking Fund and the Series 1986 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the respective series of Bonds as the same shall become due. Moneys in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the respective series of Bonds, as the same shall come due, when other moneys in the attendant Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on moneys in the several Sinking Funds and Reserve Accounts shall be returned not less than once each year, by the Commission to the Issuer, for deposit in the Revenue Fund, and such amounts shall be in full, first to the next ensuing interest payments, if any, due on the respective Series of Bonds, and then to the next ensuing principal payments due thereon.

Any withdrawals from the Series 1986 A Bonds Reserve Account which result in a reduction in the balance of the Series 1986 A Bonds Reserve Account to below the Series 1986 A Bonds Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund for payment of debt service on the Bonds have been made in full.

Any withdrawals from the Series 1986 B Bonds Reserve Account which result in a reduction in the balance of the Series 1986 B Bonds Reserve Account to below the Series 1986 B Bonds Reserve Requirement shall be

subsequently restored from the first Net Revenues available after all required payments to the Series 1986 A Bonds Sinking Fund, the Series 1986 A Bonds Reserve Account, the Renewal and Replacement Fund and the Series 1986 B Bonds Sinking Fund have been made in full.

As and when additional Bonds ranking on a parity with the Series 1986 B Bonds are issued, provision shall be made for additional payments into the Series 1986 B Sinking Fund sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the Series 1986 B Reserve Account in an amount equal to the maximum provided and required to be paid into the Series 1986 B Sinking Fund in any Fiscal Year for account of all the Series 1986 B Bonds, including such additional Series 1986 B Bonds which by their terms are payable from such Sinking Fund.

The Issuer shall not be required to make any further payments into the Series 1986 A Bonds Sinking Fund, or the Series 1986 B Bonds Sinking Fund or into the Reserve Accounts therein when the aggregate amount of funds in said respective Sinking Funds and Reserve Accounts are at least equal to the aggregate principal amount of the respective Bonds issued pursuant to this Bond Legislation then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Sinking Funds created hereunder, and all amounts required for said Sinking Funds shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein.

The payments into the Sinking Funds shall be made on the first day of each month, except that when the first day of any month shall be a 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 Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation.

Moneys in the Reserve Accounts shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Sinking Funds, including the Reserve Accounts therein, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the respective Bonds and any additional Bonds ranking on a parity therewith

that may be issued and Outstanding under the conditions and restrictions hereinafter set forth.

B. 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 said Revenue Fund a balance in excess of the estimated amounts required to be so transferred and paid into the Sinking Funds, including the 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 Issuer, including, but not limited to, payment to the Trustee for deposit in the Notes Debt Service Fund, as defined in the Indenture.

C. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay fees and charges when 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 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. All remittances made by the Issuer to the 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.

H. All Tap Fees shall be deposited by the Issuer, as received, in the Bond Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System, provided that, in the event Notes are issued, Tap Fees may, with the written consent of the Authority be deposited otherwise.

ARTICLE VI

BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Original Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1986 A Bonds, there shall be deposited with the Commission in the Series 1986 A Bonds Sinking Fund, the amount specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1986 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. There shall next be paid, from the proceeds of the Bonds, to the Depository Bank, the amount necessary to pay in full all prior borrowings of the Issuer, including interest accrued thereon, and the Depository Bank shall, concurrently with such deposit, pay such borrowings as directed by the Issuer.

C. Next, from the proceeds of the Series 1986 A Bonds, there shall be deposited with the Commission in the Series 1986 A Reserve Account the sum of $154,652; and from the proceeds of the Series 1986 B Bonds, there shall be deposited with the Commission in the Series 1986 B Reserve Account the sum of $11,353.

D. The remaining moneys derived from the sale of the Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02.

E. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation and Indenture (if any). Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Bonds. In the event that Notes are issued, the disposition of funds in the Bonds Construction Trust Fund may be modified from that set forth herein, with the written consent of the Authority.

Section 6.02. Disbursements From the Bond Construction Trust Fund. Payments for Costs of the Project shall be made monthly.

Disbursements from the Bond Construction Trust Fund, except for the costs of issuance thereof which shall be made upon request of the Issuer, shall be made only after submission to the Depository Bank of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating:

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

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

(C) That each of such costs has been otherwise properly incurred; and

(D) That payment for each of the items proposed is then due and owing.

In case any contract provides for the retention of a portion of the contract price, the Depository Bank shall disburse from the Bond Construction Trust Fund only the net amount remaining after deduction of any such portion. All payments made from the Bond Construction Trust Fund shall be presumed by the Depository Bank to be made for the purposes set forth in said certificate, and the Depository Bank shall not be required to monitor the application of disbursements from the Bond Construction Trust Fund. The Consulting Engineers shall from time to time file with the Depository Bank written statements advising the Depository Bank of its then authorized representative.

Pending such application, moneys in the Bond Construction Trust Fund, including any accounts therein, shall be invested and reinvested in qualified investments at the direction of the Issuer.

After completion of the Project, as certified by the Consulting Engineers, the Depository Bank shall transfer any moneys remaining in the Bond Construction Trust Fund to the Series 1986 A Bonds Reserve Account, and when fully funded to the Series 1986 B Bonds Reserve Account, and when both Reserve Accounts are fully funded, shall return such remaining moneys to the Issuer for deposit in the Revenue Fund. The Issuer shall thereafter, apply such moneys in full, first to the next ensuing interest payments, if any, due on

the respective Series of Bonds are next to the next ensuing principal payments due thereon.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Until the payment in full of the principal of and interest on the Notes when due, the covenants, agreements and provisions contained in this Bond Legislation shall, where applicable, also inure to the benefit of the Holders of the Notes and the Trustee therefor and constitute valid and legally binding covenants of the Issuer, enforceable in any court of competent jurisdiction by the Trustee or any Holder or Holders of said Notes as prescribed in the Indenture; provided, that Section 7.04 and Section 7.09 shall not be applied to the Notes.

Section 7.02. Bonds and Notes not to be Indebtedness of the Issuer. Neither the Bonds nor the Notes shall be or constitute an indebtedness of the Issuer within the meaning of any constitutional, statutory or charter limitation of indebtedness, but shall be payable solely from the funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Bonds or Notes, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Bonds or Notes or the interest thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 1986 A 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 and payment of the debt service of the Series 1986 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, but such lien shall be junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1986 A Bonds. The revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the

Bond Legislation are hereby irrevocably pledged, in the manner provided therein, to the payment of the principal of and interest on the Bonds as the same become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Hearing Examiner's Decision entered October 15, 1986, as confirmed by the Order of the Public Service Commission of West Virginia entered October 21, 1986 (Case No. 86-276-S-CN).

Section 7.05. Sale of the System. The System may not be sold, mortgaged, leased or otherwise disposed of except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to pay fully all the Bonds and Notes, if any, Outstanding, or to effectively defease this Resolution in accordance with Section 10.01 hereof and, if entered into and not previously defeased, the Indenture in accordance with Section 8.01 thereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal at maturity of and interest on the Bonds about to mature. Any balance remaining after the payment of all the Bonds and interest thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System. With respect to the Notes, such proceeds in an amount sufficient to pay the Notes in full shall be applied to the payment of the Notes, either at maturity or, if allowable under the Supplemental Resolution or Indenture, prior thereto.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from

such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding. The proceeds derived from any such sale, lease or other disposition of such property, aggregating during such Fiscal Year in excess of $10,000 and not in excess of $50,000, shall with the written consent of the Authority, be remitted by the Issuer to the Commission for deposit in the 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 or otherwise, shall be deposited in the Revenue Fund. Such payment of such proceeds into the Sinking Fund or the Renewal and Replacement Fund shall not reduce the amounts required to be paid into said funds by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all the Bonds then Outstanding without the prior approval and consent in writing of the Holders, or their duly authorized representatives, of over 50% in amount of the Bonds then Outstanding and the Consulting Engineers. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. The Issuer shall not issue any obligations whatsoever with a lien on or otherwise payable from any source of payment pledged originally to the Notes issued under the Indenture or supplemental resolution prior to or on a parity with the lien on behalf of such Notes until such Notes have been defeased in accordance with the provisions of the Indenture and the Bond Legislation; and, so long as any of the Bonds are Outstanding, the Issuer shall not issue any other obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Bonds; provided, however, that additional Bonds on a parity with the Series 1986 B Bonds only may be issued as provided for in Section 7.07 hereof. All obligations issued by the Issuer after the issuance of the Bonds and payable from the revenues of the System, except such additional

parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on and source of and security for payment from such revenues and in all other respects, to the Series 1986 A Bonds and the Series 1986 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into the Reserve Accounts and the Renewal and Replacement Fund at the time of the issuance of such subordinate obligations have been made and are current.

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

Section 7.07. Parity Bonds. A. No Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of any Bonds pursuant to this Bond Legislation, except under the conditions and in the manner herein provided.

No Parity Bonds shall be issued which shall be payable out of the revenues of the System prior to or on a parity with the Series 1986 A Bonds. All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 1986 B Bonds.

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

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

(A) The Bonds then Outstanding;

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

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

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

The Net Revenues actually derived from the System during the 12-consecutive-month period hereinabove referred to may be adjusted by adding to such Net Revenues such additional Net Revenues which would have been received, in the opinion of the Consulting Engineers and the said Independent Certified Public Accountants, as stated in a certificate jointly made and signed by the Consulting Engineers and said Independent Certified Public Accountants, on account of increased rates, rentals, fees and charges for the System enacted 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 Parity Bonds.

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

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

required for Bonds theretofore issued pursuant to this Bond Legislation.

All 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 Series 1986 A Bonds and the Series 1986 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from the revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 1986 A Bonds or the Series 1986 B Bonds.

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

B. Notwithstanding the foregoing, or any provision of Section 7.06 to the contrary, additional Bonds may be issued solely for the purpose of completing the Project as described in the application to the Authority submitted as of the date of the Loan Agreement without regard to the restrictions set forth in this Section 7.07, if there is first obtained by the Issuer the written consent of the Authority to the issuance of bonds on a parity with the Series 1986 A Bonds.

Section 7.08. 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 or of a Note or Notes issued pursuant to this Bond Legislation or the Trustee shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be

maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Consulting Engineers, the Trustee and the Authority, or any other original purchaser of the Bonds, and shall mail in each year to any Holder or Holders of Bonds or Notes, as the case may be, requesting the same, an annual report containing the following:

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

B. A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation and the Indenture with respect to said Bonds or Notes, as the case may be, and the status of all said funds and accounts.

C. The amount of any Bonds, Notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants and shall mail upon request, and make available generally, the report of said Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of Bonds or Notes, as the case may be, and shall file said report with the Trustee and the Authority, or any other original purchaser of the Bonds.

Section 7.09. Rates. Equitable rates or charges for the use of and service rendered by the System have been established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from said System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated

reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient (i) to provide for all reasonable expenses of operation, repair and maintenance of the System and (ii) to leave a balance each Fiscal Year equal to at least 115% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues; provided that, in the event that an amounts equal to or in excess of the Reserve Requirements are on deposit in the Reserve Accounts or reserve accounts for bonds prior to or on a parity with the Bonds are funded at least at the requirement therefor, such balance each Fiscal Year need only equal at least 110% of the maximum amount required in any Fiscal Year for payment of principal of and interest on the Bonds and all other obligations secured by or payable from such revenues.

Section 7.10. Operating Budget and Audit. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated 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 the Consulting Engineers, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of the Consulting Engineers that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Trustee and the Authority and to any Holder of any Bonds or Notes, as the case may be, who shall file his or her address with the Issuer and request in writing that copies of all such budgets and resolutions be furnished him or her and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Trustee and to any Holder of any Bonds or Notes, as the case may be, or anyone acting for and in behalf of such Holder of any Bonds or Notes, as the case may be.

In addition, the Issuer shall annually cause the records of the System to be audited by an independent certified public accountant, the report of which audit shall be submitted to the Authority and which audit report shall include a statement that the

Issuer is in compliance with the terms and provisions of this Bond Legislation and the Loan Agreement.

Section 7.11. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.12. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules of the Issuer, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

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

Section 7.13. No Free Services. The Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar

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

Section 7.14. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as any of the Bonds or the Notes remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(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 or destroyed properties or for the other purposes provided herein for said Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(B) PUBLIC LIABILITY INSURANCE, with limits of not less than $500,000 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 BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

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

Section 7.15. 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 water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Department of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Department of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30 day notice of the availability of the System, pay the rates and charges established therefor.

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

Section 7.16. Completion of Project. The Issuer will complete the Project and operate and maintain the System in good condition.

Section 7.17. Statutory Mortgage Lien. For the further protection of the Holders of the 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 Bonds and shall be for the equal benefit of all Holders of each respective series of Bonds, provided however, that the statutory mortgage lien

in favor of the Holders of the Series 1986 A Bonds shall be senior to the statutory mortgage lien in favor of the Holders of the Series 1986 B Bonds.

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

Section 8.02. Restrictions as to Arbitrage Bonds. The Issuer hereby covenants, and hereby so instructs the Bond Commission and the Trustee that they shall not permit at any time or times any of the proceeds of the Bonds or any other funds of the Issuer to be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an "arbitrage bond" as defined in Section 148 of the Internal Revenue Code of 1986 (or any successor provision) and an Authorized Officer shall deliver

his certificate, based upon this covenant, with regard thereto to the purchaser of the Original Bonds.

Section 8.03. Rebates of Excess Arbitrage Earnings. The Issuer hereby covenants to rebate to the United States Government the amounts required by Section 148 of the Internal Revenue Code of 1986, 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 obtain a waiver from the Internal Revenue Service in order to maintain the tax-exempt status of the interest on the Bonds.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Notes set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Notes, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Note; or

(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.

B. 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 Bonds; or

(B) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Bonds set forth in this Bond Legislation, any supplemental resolution, the Indenture or in the Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Trustee, any other bank or banking association holding any fund or account hereunder or a Holder of a Bonds; or

(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.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Note or Bond, as the case may be, may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System (iii) bring suit upon the Notes or Bonds, as the case may be, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Notes or Bonds, as the case may be, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Notes or Bonds, or the rights of such Registered Owners, provided however, that no remedy herein stated may be exercised by a Noteholder in a manner which adversely affects any remedy available to the Bondholders, and provided further, that all rights and remedies of the Holders of the Series 1986 B Bonds shall be subject to those of the Holders of the Series 1986 A Bonds.

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

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

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

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

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

ARTICLE X

DEFEASANCE

Section 10.01. Defeasance of Series 1986 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1986 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 A 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 Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 A 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 1986 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, 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 other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 A Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any

trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.02. Defeasance of Series 1986 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1986 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1986 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1986 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1986 B 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 Agents at the same or earlier time, shall be sufficient, to pay as and when due the principal installments of and interest on such Series 1986 B 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 1986 B 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 Commission or its agent, 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 other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1986 B Bonds on and prior to the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1986 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 10.03. Defeasance of Notes. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Notes, the principal of and interest due or to become due thereon, at the times and in the manner set forth in the Indenture, then with respect to the Notes only, this Bond Legislation, the Indenture, if any, and the pledges of Grant Receipts and other moneys and securities pledged thereby, and all covenants, agreements and other obligations of the Issuer to the Holders of the Notes shall thereupon cease, terminate and become void and be discharged and satisfied.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Notes or Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Notes or Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or any Note or Notes or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds or Notes respectively, required for consent to the above-permitted amendments or modifications.

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

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

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

Section 11.05. Amendments to Maintain Tax Exemption. The Issuer hereby covenants to make any amendment or supplements to this Resolution and to the Indenture authorized hereby to enable the interest on the Notes or Bonds to be and remain exempt from federal income taxation, and to preserve such tax exemption until the maturity or redemption thereof without further consent of the Holders of the Bonds or the Notes.

Section 11.06. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 11.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment 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 the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.08. Public Notice of Proposed Financing. Prior to adoption of this Resolution, the Secretary of the Governing Body shall have caused to be published in a newspaper of general circulation within the boundaries of Grant-Union Public Service District, a Class II legal advertisement stating:

(a) The respective maximum amounts of the Bonds and Notes to be issued;

(b) The respective maximum interest rates and terms of the Bonds and the Notes originally authorized hereby;

(c) The Project to be acquired or constructed and the cost of the same;

(d) The anticipated rates which will be charged by the Issuer; and

(e) The fact that a form is available in the office of the Clerk of The County Commission of Harrison County and in the office of the Issuer for residents of that portion of the District which will be served by the Project who are registered voters to sign indicating their opposition to the Issuer's borrowing money or issuing the Bonds or the Notes originally authorized hereby, as the case may be. The Secretary of the Governing Body shall cause such form to be provided to said county clerk.

The Secretary of the Governing Body shall have also caused to be posted in conspicuous places throughout that portion of Grant Union Public Service District which will be served by the Project signs measuring not less than 8 1/2 inches in width and 11 inches in length which include the same information as required in the Class II legal advertisement set forth above.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 5th day of November, 1986.

Benjamin B. Hudkins
Chairman, Public Service Board

Alfred H. Norman
Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of Grant Union Public Service District on this 5th day of November, 1986.

[SEAL]

Alfred H. Norman
Secretary, Public Service Board

11/05/86
GRAUN2-A

"EXHIBIT A"

[Included as Document Nos. 3 and 4 of Bond Transcript]

GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1986 A and Series 1986 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B OF GRANT-UNION PUBLIC SERVICE DISTRICT; AUTHORIZING, APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS

WHEREAS, the public service board (the "Governing Body") of Grant-Union Public Service District (the "Issuer"), has duly and officially adopted a bond resolution, effective November 5, 1986 (the "Bond Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GRANT-UNION PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $2,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 A, NOT MORE THAN $500,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1986 B, AND NOT MORE THAN $6,950,000 INTERIM CONSTRUCTION FINANCING, CONSISTING OF GRANT ANTICIPATION NOTES OR A LINE OF CREDIT EVIDENCED BY NOTES OR BOTH; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS AND NOTES; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE SECURING THE NOTES; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed $2,500,000, to be issued in two series, the Series 1986 A Bonds to be in an aggregate principal amount of not more than $2,000,000 (the "Series 1986 A Bonds") and the Series 1986 B Bonds to be in an aggregate principal amount of not more than $500,000 (the "Series 1986 B Bonds"), and has authorized the execution and delivery of a loan agreement relating to the Series 1986 A Bonds dated August 22, 1986, and a supplemental loan agreement relating to the Series 1986 B Bonds, also dated August 22, 1986 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with West Virginia Code, 1931, as amended, Chapter 16, Article 13A (the "Act"); and in the Bond Resolution it is provided that the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GRANT-UNION PUBLIC SERVICE DISTRICT:

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

(A) The Sewer Revenue Bonds, Series 1986 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,758,771. The Series 1986 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall bear interest at the rate of 8.38% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable April 1, 1987, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1986 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1986 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $431,387. The Series 1986 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2025, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1986 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby approve, accept and ratify the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby ratified and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate Kanawha Valley Bank, N.A., Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement dated as of November 6, 1986, by and between the Issuer

and Kanawha Valley Bank, N.A., in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and direct the West Virginia Municipal Bond Commission, Charleston, West Virginia, as Paying Agent for the Bonds.

Section 6. The Issuer does hereby appoint The Harrison County Bank, Lost Creek, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1986 A Bond Proceeds in the amount of $221,078 shall be deposited in the Series 1986 A Sinking Fund, as capitalized interest.

Section 8. Series 1986 A Bonds proceeds in the amount of $466,414.46 shall be applied to payment of all outstanding obligations of the Issuer, including the loans from The Harrison County Bank, Weston National Bank, Kanawha Union Bank and West Virginia Water Development Authority.

Section 9. Series 1986 A Bond proceeds in the amount of $154,652 and Series 1986 B Bond proceeds in the amount of $11,353 shall be deposited in the Series 1986 A Bonds Reserve Account and the Series 1986 B Bonds Reserve Account, respectively.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about November 6, 1986, to the Authority pursuant to the Loan Agreement.

Section 11. The financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution in the West Virginia "Consolidated Fund," and therefore the Issuer hereby directs the Depository Bank and the Paying Agent to take such actions as may be necessary to cause such moneys to be invested in the Consolidated Fund.

Section 12. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 5th day of November, 1986.

GRANT-UNION PUBLIC SERVICE DISTRICT

Chairman

11/05/86
GRAUN1-C

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT UNION PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 A

No. AR-1 $1,758,771

KNOW ALL MEN BY THESE PRESENTS: That GRANT UNION PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of ONE MILLION SEVEN HUNDRED FIFTY-EIGHT THOUSAND, SEVEN HUNDRED SEVENTY-ONE DOLLARS ($1,758,771), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning April 1, 1987. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of Kanawha Valley Bank, N.A., Charleston, West Virginia, as registrar (the "Registrar"), on the 15th day of the month preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Loan Agreement between the Issuer and the Authority, dated August 22, 1986.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project") (ii) to pay interest on the Bonds of this series (the

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project") (ii) to pay interest on the Bonds of this series (the "Bonds") during the construction of the Project and for approximately 18 months thereafter; (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 5th day of November, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1986 B, of the Issuer (the "Series 1986 B Bonds"), issued in the aggregate principal amount of $431,387, which Series 1986 B Bonds are junior and subordinate with respect to liens and sources of and security for payment to the Bonds.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1986 A Bonds Reserve Account"), and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1986 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 B Bonds, and all other obligations secured by or payable from such revenues

prior to or on a parity with the Bonds or the Series 1986 B Bonds, provided however, that so long as there exists in the Series 1986 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any fiscal year, and in the reserve account established for the Series 1986 B Bonds or any other obligations outstanding prior to or on a parity with the Bonds or the Series 1986 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, GRANT UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated November 6, 1986.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: November 6, 1986

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

E 2

GRANT-UNION PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	Coupon	Principal	Interest	Debt Service
		1986 Series A Bonds		
1987	8.38%	0.00	*127,324.27	*127,324.27
1988	8.38%	0.00	147,385.01	147,385.01
1989	8.38%	7,266.00	147,385.01	154,651.01
1990	8.38%	7,875.00	146,776.12	154,651.12
1991	8.38%	8,535.00	146,116.19	154,651.19
1992	8.38%	9,250.00	145,400.96	154,650.96
1993	8.38%	10,025.00	144,625.81	154,650.81
1994	8.38%	10,865.00	143,785.72	154,650.72
1995	8.38%	11,776.00	142,875.23	154,651.23
1996	8.38%	12,762.00	141,888.40	154,650.40
1997	8.38%	13,832.00	140,818.94	154,650.94
1998	8.38%	14,991.00	139,659.82	154,650.82
1999	8.38%	16,247.00	138,403.58	154,650.58
2000	8.38%	17,609.00	137,042.08	154,651.08
2001	8.38%	19,084.00	135,566.44	154,650.44
2002	8.38%	20,683.00	133,967.21	154,650.21
2003	8.38%	22,417.00	132,233.97	154,650.97
2004	8.38%	24,295.00	130,355.43	154,650.43
2005	8.38%	26,331.00	128,319.50	154,650.50
2006	8.38%	28,538.00	126,112.97	154,650.97
2007	8.38%	30,929.00	123,721.48	154,650.48
2008	8.38%	33,521.00	121,129.63	154,650.63
2009	8.38%	36,330.00	118,320.57	154,650.57
2010	8.38%	39,375.00	115,276.12	154,651.12
2011	8.38%	42,674.00	111,976.49	154,650.49
2012	8.38%	46,250.00	108,400.41	154,650.41
2013	8.38%	50,126.00	104,524.66	154,650.66
2014	8.38%	54,327.00	100,324.10	154,651.10
2015	8.38%	58,879.00	95,771.50	154,650.50
2016	8.38%	63,813.00	90,837.44	154,650.44
2017	8.38%	69,161.00	85,489.91	154,650.91
2018	8.38%	74,957.00	79,694.22	154,651.22
2019	8.38%	81,238.00	73,412.82	154,650.82
2020	8.38%	88,046.00	66,605.08	154,651.08
2021	8.38%	95,424.00	59,226.82	154,650.82
2022	8.38%	103,420.00	51,230.29	154,650.29
2023	8.38%	112,087.00	42,563.70	154,650.70
2024	8.38%	121,480.00	33,170.81	154,650.81
2025	8.38%	131,660.00	22,990.78	154,650.78
2026	8.38%	142,693.00	11,957.67	154,650.67
		1,758,771.00	4,392,667.16	6,151,438.16

Smith Barney, Harris Upham & Co.
Incorporated

November 4, 1986

*1986 Series A Bond Proceeds not disbursed until November 20, 1987. Interim WDA loan of $458,839.46 made to District at 8.38% for period November 6 - November 20, 1987.

[Form of Assignment]

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

11/05/86
GRAUN3-A

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT UNION PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1986 B

No. BR-1 $431,387

KNOW ALL MEN BY THESE PRESENTS: That GRANT UNION PUBLIC SERVICE DISTRICT, a public corporation of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR HUNDRED THIRTY-ONE THOUSAND THREE HUNDRED EIGHTY-SEVEN DOLLARS ($431,387), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part at any time, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with the Supplemental Loan Agreement between the Issuer and the Authority, dated August 22, 1986.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain new sewage treatment, collection and transportation facilities of the Issuer (the "Project"); (ii) to fund a reserve account for the Bonds; and (iii) to pay certain costs of issuance hereof and related costs. This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Resolution and Supplemental Resolution, both duly adopted by the Issuer on the 5th day of November, 1986 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be

Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1986 A Bonds herein described, moneys in the Reserve Account created under the Bond Legislation for the Bonds of this Series (the "Series 1986 B Bonds Reserve Account"), and unexpended proceeds of the Bonds of this series (the "Bonds"). Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the Series 1986 B Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each fiscal year equal to at least 115% of the amount required to pay the maximum amount due in any fiscal year of principal of and interest on the Bonds, the Series 1986 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds or the Bonds, provided however, that so long as there exists in the Series 1986 B Bonds Reserve Account and the reserve account established for the Series 1986 A Bonds, amounts at least equal to the maximum amount of principal and interest which will become due on the Bonds and the Series 1986 A Bonds in any fiscal year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation or to the appurtenant sinking fund, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the holder of the Bonds, which lien is subordinate to the lien in favor of the holders of the Series 1986 A Bonds.

THIS BOND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER (THE "SERIES 1986 A BONDS"), ISSUED CONCURRENTLY HEREWITH AND DESCRIBED IN THE BOND LEGISLATION.

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

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

IN WITNESS WHEREOF, GRANT UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated November 6, 1986.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1986 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: November 6, 1986

KANAWHA VALLEY BANK, N.A.,
as Registrar

By _____
Its Authorized Officer

TABLE 3

GRANT-UNION PUBLIC SERVICE DISTRICT
Analysis of 7.00% Borrowing Cost for Local Issuer

Period Ending 10/1	Zero Coupon Bonds
1987	0.00
1988	0.00
1989	11,352.27
1990	11,352.29
1991	11,352.29
1992	11,352.29
1993	11,352.29
1994	11,352.29
1995	11,352.29
1996	11,352.29
1997	11,352.29
1998	11,352.29
1999	11,352.29
2000	11,352.29
2001	11,352.29
2002	11,352.29
2003	11,352.29
2004	11,352.29
2005	11,352.29
2006	11,352.29
2007	11,352.29
2008	11,352.29
2009	11,352.29
2010	11,352.29
2011	11,352.29
2012	11,352.29
2013	11,352.29
2014	11,352.29
2015	11,352.29
2016	11,352.29
2017	11,352.29
2018	11,352.29
2019	11,352.29
2020	11,352.29
2021	11,352.29
2022	11,352.29
2023	11,352.29
2024	11,352.29
2025	11,352.29
2026	11,352.29
	431,387.00

Smith Barney, Harris Upham & Co.
Incorporated

November 4, 1986

[Form of Assignment]

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

11/05/86
GRAUN3-B

GRANT-UNION PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, Series 1990 A AND Series 1990 B

SUPPLEMENTAL AND AMENDATORY BOND RESOLUTION

Table of Contents

Subject		Page
	ARTICLE I STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01	*Authority for this Supplemental and Amendatory Resolution*	*1*
Section 1.02	*Findings*	*2*
Section 1.03	*Bond Legislation Constitutes Contract*	*4*
Section 1.04	*Definitions*	*4*
	ARTICLE II AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF SERIES 1990 BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT	
Section 2.01	*Authorization of Bonds*	*8*
Section 2.02	*Series 1990 Bonds not to be Indebtedness of the Issuer*	*8*
Section 2.03	*Series 1990 Bonds Secured by Pledge of Net Revenues; Lien Positions*	*8*
Section 2.04	*Form of Series 1990 Bonds*	*9*
	FORM OF SERIES 1990 A BOND	*10*
	FORM OF SERIES 1990 B BOND	*17*
Section 2.05	*Sale of Series 1990 Bonds; Ratification of Execution of Loan Agreement with Authority*	*24*
Section 2.06	*"Amended Schedule A" Filing; Tender of Series 1990 B Bonds*	*24*
	ARTICLE III FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF	
Section 3.01	*Establishment of Funds and Accounts with Commission*	*25*
Section 3.02	*Payment of Debt Service on Series 1990 Bonds*	*25*

ARTICLE IV
APPLICATION OF SERIES 1990 BOND PROCEEDS

Section 4.01	*Application of Series 1990 Bond Proceeds; Pledge of Unexpended Bond Proceeds*	*26*

ARTICLE V
ADDITIONAL COVENANTS OF THE ISSUER

Section 5.01	*Covenants in Prior Resolution to Apply to Series 1990 Bonds*	*27*
Section 5.02	*Series 1990 Bonds not to be Indebtedness of the Issuer*	*27*
Section 5.03	*Series 1990 Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds*	*27*
Section 5.04	*Tax Covenants*	*28*
Section 5.05	*Arbitrage*	*29*
Section 5.06	*Tax Certificate and Rebate*	*29*

ARTICLE VI
DEFEASANCE

Section 6.01	*Defeasance of Series 1990 A Bonds*	*31*
Section 6.02	*Defeasance of Series 1990 B Bonds*	*32*

ARTICLE VII
MISCELLANEOUS

Section 7.01	*Amendment or Modification of Bond Legislation*	*34*
Section 7.02	*Bond Legislation Constitutes Contract*	*34*
Section 7.03	*Severability of Invalid Provisions*	*34*
Section 7.04	*Headings, Etc.*	*34*
Section 7.05	*Conflicting Provisions Repealed*	*34*
Section 7.06	*Covenant of Due Procedure, Etc.*	*35*
Section 7.07	*Effective Date*	*35*
SIGNATURES		*36*
EXHIBIT A		*37*

GRANT-UNION PUBLIC SERVICE DISTRICT

SUPPLEMENTAL AND AMENDATORY RESOLUTION

SUPPLEMENTAL AND AMENDATORY RESOLUTION SUPPLEMENTING AND AMENDING A RESOLUTION OF GRANT-UNION PUBLIC SERVICE DISTRICT ADOPTED NOVEMBER 5, 1986, AUTHORIZING ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GRANT-UNION PUBLIC SERVICE DISTRICT AND ISSUANCE BY THE DISTRICT OF ITS SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B, DATED NOVEMBER 6, 1986, IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,190,158 TO PAY A PORTION OF THE COSTS OF SUCH ACQUISITION AND CONSTRUCTION; AUTHORIZING THE COMPLETION OF ACQUISITION AND CONSTRUCTION OF SUCH PUBLIC SEWERAGE FACILITIES OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, OF SUCH COMPLETION THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, AND NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE GOVERNING BODY OF GRANT-UNION PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

A. Grant-Union Public Service District (the "Issuer") is a public service district and political subdivision of the State of West Virginia in Harrison County of said State.

B. The Issuer has heretofore issued its Sewer Revenue Bonds, Series 1986 A and 1986 B, both dated November 6, 1986, in the aggregate principal amount of $2,190,158 (collectively, the "Prior Bonds"). The Prior Bonds were issued pursuant to a bond and notes resolution adopted by the Issuer on November 5, 1986 (the "Prior Resolution"). Proceeds of the Prior Bonds were used to pay a portion of the costs of acquisition and construction of certain new sewage collection, transportation and treatment facilities (the "Project") (the Project and any further additions thereto or extensions thereof is herein called the "System"). However, such proceeds and available grant proceeds are deemed insufficient to complete the Project. Accordingly, it is necessary for the Issuer to borrow an additional amount to finance the remaining costs of the Project.

C. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all the costs of the operation and maintenance of said System, the principal of and interest on the Prior Bonds and the Series 1990 Bonds (as hereinafter defined) and all Sinking Fund, Reserve Account and other payments provided for herein and in the Prior Resolution.

D. It is therefore deemed necessary for the Issuer to issue its completion bonds in the total aggregate principal amount of not more than $400,000 in two series, being the Series 1990 A Bonds in the aggregate principal amount of not more than $300,000, and the Series 1990 B Bonds in the aggregate principal amount of not more than $100,000 (collectively, the "Series 1990 Bonds") to finance costs of construction and acquisition of the Project not otherwise provided for. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest upon the Series 1990 Bonds, if any, prior to and during acquisition or construction and for 6 months after completion of construction of the Project; amounts which may be deposited in the Reserve Accounts; engineering, and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees of the Authority (as hereinafter defined), discount, initial fees for the services of registrars,

paying agents, depositories or trustees or other costs in connection with the sale of the Series 1990 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the completion of construction or acquisition of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 1990 Bonds or the repayment of indebtedness, including any letter of credit note, incurred by the Issuer for such purposes, shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that the Series 1990 Bonds be sold to the West Virginia Water Development Authority (the "Authority") pursuant to the terms and provisions of a loan agreement and a supplemental loan agreement (collectively, the "Loan Agreement") to be entered into between the Issuer and the Authority, in form satisfactory to the Issuer and the Authority, and attached hereto as "Exhibit A," and made a part hereof.

G. Except for the Prior Bonds, there are not outstanding any obligations of the Issuer which will rank prior to or on a parity with the Series 1990 Bonds as to lien and source of and security for payment. The Series 1990 B Bonds shall be on a parity with the Series 1986 B Bonds, both of which series shall be junior and subordinate to both the Series 1986 A Bonds and the Series 1990 A Bonds; and the Series 1990 A Bonds shall be on a parity with the Series 1986 A Bonds, all as set forth herein.

H. The Issuer has complied with all requirements of West Virginia law relating to authorization of the construction, acquisition and operation of the Project and issuance of the Prior Bonds and the Series 1990 Bonds, or will have so complied prior to issuance thereof, including, among other things, if required, the obtaining of a Certificate of Convenience and Necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired.

I. The Prior Resolution, in Section 7.07(B) thereof, permits the issuance of the Series 1990 Bonds on parity with the Prior Bonds for the purpose of completion of the Project with no further restrictions if there is first obtained the written consent of the Authority, which written consent will be obtained prior to issuance of the Series 1990 Bonds.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 1990 Bonds by those who shall be the registered owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Bondholders, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the registered owners of any and all of such Series 1990 Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

Section 1.04. Definitions. Unless expressly changed herein, all capitalized terms used in the Prior Resolution shall have the same meanings herein. In addition, the following terms shall have the following meanings herein unless the context expressly requires otherwise:

"Bond Year" means each one-year period (or shorter period from the date of issuance of the Bonds) that ends at the close of business on October 1.

"Bonds" means the Prior Bonds, the Series 1990 Bonds and any bonds on a parity therewith authorized to be issued hereunder.

"Closing Date" means the date upon which there is an exchange of the Series 1990 Bonds for the proceeds representing the purchase of the Bonds by the Authority.

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

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

"Debt Service" means the scheduled amount of interest and amortization of principal payable on the Bonds during the period of computation, excluding amounts scheduled during such period which relate to principal which has been retired before the beginning of such period.

"Investment Property" means any security (as said term is defined in Section 165(g)(2)(A) or (B) of the Code), obligation, annuity contract or investment-type property, excluding, however,

obligations the interest on which is excluded from gross income, under Section 103 of the Code, for federal income tax purposes.

"Loan Agreement" shall mean, collectively, the Loan Agreement and the Supplemental Loan Agreement, to be entered into between the Authority and the Issuer providing for the purchase of the Series 1990 Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer ratified and confirmed by, the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 1990 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds deposited in the Reserve Accounts.

"Nonpurpose Investment" means any Investment Property which is acquired with the gross proceeds or any other proceeds of the Series 1990 Bonds and is not acquired in order to carry out the governmental purpose of the Series 1990 Bonds.

"Private Business Use" means use directly or indirectly in a trade or business carried on by a natural person or in any activity carried on by a person other than a natural person, excluding, however, use by a state or local governmental unit and use as a member of the general public.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "restricted consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

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

"Series 1990 A Bonds" or "Series A Bonds" means the not more than $300,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 A, of the Issuer.

"Series 1990 B Bonds" or "Series B Bonds" means the not more than $100,000 in aggregate principal amount of Sewer Revenue Bonds, Series 1990 B, of the Issuer.

"Supplemental Resolution" means any resolution, ordinance or order of the Issuer supplementing or amending this Supplemental and Amendatory Resolution, and, when preceded by the article "the," refers specifically to the supplemental resolution authorizing the sale of the Series 1990 Bonds; provided, that any matter intended by this Supplemental and Amendatory Resolution, to be included in the Supplemental Resolution with respect to the Series 1990 Bonds, and not so included may be included in another Supplemental Resolution.

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neutral gender shall include any other gender.

ARTICLE II

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF SERIES 1990 BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT

Section 2.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 1990 A Bonds, funding a reserve account for each series of Series 1990 Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance and related costs, or any of such purposes, there shall be issued negotiable Series 1990 Bonds of the Issuer, in an aggregate principal amount of not more than $400,000. Said Series 1990 Bonds shall be issued in two series, to be designated respectively, "Sewer Revenue Bonds, Series 1990 A," in the aggregate principal amount of not more than $300,000, and "Sewer Revenue Bonds, Series 1990 B," in the aggregate principal amount of not more than $100,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 1990 Bonds remaining after funding of the Reserve Accounts (if funded from Series 1990 Bond proceeds) and capitalization of interest, if any, shall be deposited in the Bond Construction Trust Fund established by Section 5.01 of the Prior Resolution.

Provisions regarding the execution, authentication, registration, negotiability and transfer of the Series 1990 Bonds shall be as set forth in the Prior Resolution. Other terms of the Series 1990 Bonds, including their interest rate, maturities, date and other provisions applicable only to the Series 1990 Bonds and not the Prior Bonds, shall be as set forth in the Supplemental Resolution.

Section 2.02. Series 1990 Bonds not to be Indebtedness of the Issuer. The Series 1990 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided and amounts, if any, in the respective Reserve Accounts. No holder or holders of any of the Bonds shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay the Bonds or the interest thereon.

Section 2.03. Series 1990 Bonds Secured by Pledge of Net Revenues; Lien Positions. The payment of the debt service of all the Series 1990 A Bonds shall be secured forthwith equally and ratably with each other, by a first lien on the Net Revenues derived from the System on a parity with the Series 1986 A Bonds. The payment of the debt service of all the Series 1990 B Bonds shall also be secured

forthwith equally and ratably with each other by a lien on the Net Revenues derived from the System, on a parity with the Series 1986 B Bonds, but junior and subordinate to the lien on such Net Revenues in favor of the Holders of the Series 1990 A Bonds and the Series 1986 A Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest on and other payments for the Bonds and to make the payments into the Sinking Funds, the Reserve Accounts therein and the Renewal and Replacement Fund hereinafter established, are hereby irrevocably pledged to the payment of the principal of and interest on the Bonds as the same become due.

Section 2.04. Form of Series 1990 Bonds. The text of the Series 1990 Bonds shall be in substantially the following forms, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

[Form of Series 1990 A Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT-UNION PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1990 A

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That GRANT-UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning _____ 1, 19____. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated _____, 19____.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new sewage collection, transportation and treatment facilities of the Issuer (the "Project") not otherwise provided for; (ii) [Reserve Account Funding _____ _____]; and (iii) to pay certain costs of issuance hereof and related costs for the Bonds of this series (the "Bonds"). This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted on November 5, 1986, a Supplemental and Amendatory Resolution duly adopted on _____, 19____, and a Supplemental Resolution, duly adopted by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of $_____, which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment of the Bonds.

THIS BOND IS ON A PARITY WITH THE SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER, DATED NOVEMBER 6, 1986, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS") AND SENIOR AND PRIOR TO THE SEWER REVENUE BONDS, SERIES 1986 B, OF THE ISSUER, DATED NOVEMBER 6, 1986, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1990 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the

Series 1990 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Series 1986 A Bonds, the Series 1986 B Bonds, the Bonds, the Series 1990 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds, the Series 1986 B Bonds, the Bonds or the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1990 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Series 1986 A Bonds, the Series 1986 B Bonds, the Bonds or the Series 1990 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

IN WITNESS WHEREOF, GRANT-UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated _____, 1990.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

_____

[Form of Series 1990 B Bond]

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT-UNION PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1990 B

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That GRANT-UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ ($_____), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated _____, 19____.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new sewage collection, transportation and treatment facilities of the Issuer (the "Project") not otherwise provided for; (ii) [Reserve Account Funding _____ _____]; and (iii) to pay certain costs of issuance hereof and related costs for the Bonds of this series (the "Bonds"). This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended

(the "Act"), and a Bond and Notes Resolution duly adopted on November 5, 19886, a Supplemental and Amendatory Resolution duly adopted on _____, 19____, and a Supplemental Resolution, duly adopted, by the Issuer on _____, 19____ (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ON PARITY WITH THE SEWER REVENUE BONDS, SERIES 1986 B, OF THE ISSUER, DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS") AND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1990 A, OF THE ISSUER (THE "SERIES 1990 A BONDS"), ISSUED CONCURRENTLY HEREWITH, AND THE SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER, DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1986 A Bonds and the Series 1990 A Bonds herein described and from all moneys in the Reserve Account created under the Bond Legislation for the Bonds of this series, and unexpended proceeds of the Bonds of this series. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the reserve account for the Series 1990 B Bonds and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Series 1986 A Bonds, the Series 1986 B

Bonds, the Bonds, the Series 1990 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds, the Series 1986 B Bonds, the Series 1990 A Bonds or the Bonds, provided however, that so long as there exists in the reserve accounts established for the Series 1986 A Bonds, the Series 1986 B Bonds, the Series 1990 A Bonds and Series 1990 B Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Series 1986 A Bonds, the Series 1986 B Bonds, the Bonds and the Series 1990 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of the Bonds, which lien is subordinate to the lien in favor of the registered owner of the Series 1990 A 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 the Issuer, does not exceed any limit prescribed

by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, GRANT-UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary and has caused this Bond to be dated _____, 1990.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: _____

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

(Form of)

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

Section 2.05. Sale of Series 1990 Bonds; Ratification of Execution of Loan Agreement with Authority. The Series 1990 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous ordinance or resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "Exhibit A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, ratified and approved.

Section 2.06. "Amended Schedule A" Filing; Tender of Series 1990 B Bonds. Upon completion of acquisition and construction of the Project, the Issuer will file with the Authority a schedule in substantially the form of the "Amended Schedule A" to the Loan Agreement, setting forth the actual costs of the Project and sources of funds therefor. In the event such schedule reflects an excess of funding for the Project, or if the Authority is otherwise advised of an excess, the Authority may tender the Series 1990 B Bonds to the Issuer for payment in an amount equal to such excess. Notwithstanding the foregoing, if the Issuer has Notes outstanding upon completion of acquisition and construction of the Project, it will advise the Authority of such fact and submit a second schedule to the Authority upon payment of such Notes, and the Authority will not tender its Series 1990 B Bonds for payment until the outstanding Notes have been paid.

ARTICLE III

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 3.01. Establishment of Funds and Accounts with Commission. The following special funds or accounts are hereby established with the Commission:

(1) Series 1990 A Bonds Sinking Fund;

(a) Within the Series 1990 A Bonds Sinking Fund, the Series 1990 A Bonds Reserve Account.

(2) Series 1990 B Bonds Sinking Fund;

(a) Within the Series 1990 B Bonds Sinking Fund, the Series 1990 B Bonds Reserve Account.

Section 3.02. Payment of Debt Service on Series 1990 Bonds. In addition to the payments required by the Prior Resolution to be made with respect to the Prior Bonds, the Issuer shall pay into the sinking funds and reserve accounts established hereunder for the Series 1990 Bonds the amounts prescribed by Article V of the Prior Resolution, adjusted to reflect the different principal amounts of the Series 1990 Bonds. Payment of principal of and interest on the Series 1990 A Bonds, and deposits into the Series 1990 A Bonds Reserve Account shall be made on parity with such payments and deposits required for the Series 1986 A Bonds. Payment of principal of and interest on the Series 1990 B Bonds and deposits into the Series 1990 B Bonds Reserve Account shall be made subsequent to such payments on account of the Series A Bonds, and on parity with such payments on account of the Series 1986 B Bonds.

ARTICLE IV

APPLICATION OF SERIES 1990 BOND PROCEEDS

Section 4.01. Application of Series 1990 Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the moneys received from the sale of any or all of the Series 1990 Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 1990 A Bonds, there shall first be deposited with the Commission in the Series 1990 A Bonds Sinking Fund, the amount, if any, specified in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 1990 A Bonds for the period commencing on the date of issuance of the Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 1990 A Bonds, there shall be deposited with the Commission in the Series 1990 A Bonds Reserve Account and from the proceeds of the Series 1990 B Bonds, there shall be deposited with the Commission in the Series 1990 B Reserve Account the respective sums, if any, set forth in the Supplemental Resolution for funding of the Reserve Accounts on account of the Series 1990 Bonds.

C. The remaining moneys derived from the sale of the Series 1990 Bonds shall be deposited with the Depository Bank in the Bond Construction Trust Fund and applied solely to payment of Costs of the Project in the manner set forth in Section 6.02 of the Prior Resolution.

D. The Depository Bank shall act as a trustee and fiduciary for the Bondholder with respect to the Bond Construction Trust Fund and shall comply with all requirements with respect to the disposition of the Bond Construction Trust Fund set forth in the Bond Legislation. Moneys in the Bond Construction Trust Fund shall be used solely to pay Costs of the Project and until so expended, are hereby pledged as additional security for the Series 1990 A Bonds, and thereafter for the Series 1990 B Bonds.

ARTICLE V

ADDITIONAL COVENANTS OF THE ISSUER

Section 5.01. Covenants in Prior Resolution to Apply to Series 1990 Bonds. All the covenants, agreements and provisions of the Prior Resolution shall be applicable to the Series 1990 Bonds, and shall 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 1990 Bonds. In addition to the other covenants, agreements and provisions of the Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 1990 Bonds as hereinafter provided in this Article V. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of said Series 1990 Bonds or the interest thereon is Outstanding and unpaid.

Section 5.02. Series 1990 Bonds not to be Indebtedness of the Issuer. The Series 1990 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 funds pledged for such payment by this Bond Legislation. No Holder or Holders of any Series 1990 Bonds, shall ever have the right to compel the exercise of the taxing power, if any, of the Issuer to pay said Series 1990 Bonds or the interest thereon.

Section 5.03. Series 1990 Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 1990 A 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 parity with the lien on said Net Revenues in favor of the Holders of the Series 1986 A Bonds. Payment of the debt service of the Series 1990 B Bonds issued hereunder shall be secured forthwith equally and ratably by a lien on said Net Revenues, on a parity with the lien on said Net Revenues in favor of the Holders of the Series 1986 B Bonds and junior and subordinate to the lien on said Net Revenues in favor of the Holders of the Series 1986 A Bonds and the Series 1990 A Bonds. The Revenues derived from the System, in an amount sufficient to pay the principal of and interest on the Prior Bonds and the Series 1990 Bonds and to make the payments into the Sinking Funds, including the Reserve Accounts therein, and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to the payment of the principal of and interest on the Series 1990 Bonds as the same become due, and for the other purposes provided in this Bond Legislation.

Section 5.04. 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 1990 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 1990 Bonds during the term thereof is, under the terms of the Series 1990 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 1990 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 1990 Bonds during the term thereof is, under the terms of the Series 1990 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 1990 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 1990 Bonds are for the purpose of financing more than one project, a portion of the Project, and shall not exceed the proceeds used for the governmental use of that portion of the Project 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 1990 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 1990 Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. The Issuer will file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 1990 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 1990 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 5.05. Arbitrage. The Issuer covenants that (i) it will restrict the use of the proceeds of the Series 1990 Bonds in such manner and to such extent as may be necessary, in view of the Issuer's reasonable expectations at the time of issuance of the Series 1990 Bonds, so that the Series 1990 Bonds will not constitute "arbitrage bonds" under Section 148 of the Code and Regulations, 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 1990 Bonds) so that the interest on the Series 1990 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 5.06. Tax Certificate and Rebate. The Issuer shall deliver a certificate of arbitrage, a tax certificate or other similar certificate to be prepared by nationally recognized bond counsel or tax counsel relating to payment of arbitrage rebate and other tax matters as a condition to issuance of the Original Bonds. In addition, the Issuer covenants to comply with all Regulations from time to time in effect and applicable to the Original Bonds as may be necessary in order to fully comply with Section 148(f) of the Code, and covenants to take such actions, and refrain from taking such actions, as may be necessary to fully comply with such Section 148(f) of the Code and such Regulations, regardless of whether such actions may be contrary to any of the provisions of this Bond Legislation.

The Issuer shall calculate, annually, the rebatable arbitrage, determined in accordance with Section 148(f) of the Code. The Issuer shall pay, or cause to be paid, to the United States, the rebatable arbitrage in accordance with Section 148(f) of the Code and such Regulations. The Issuer shall remit payments to the United States in the time and at the address prescribed by the Regulations as the same may be in time to time in effect with such reports and statements as may be prescribed by such Regulations. In addition, the Issuer shall cooperate with the Authority in preparing rebate calculations and in all other respects in connection with rebates and hereby consents to the performance of all matters in connection with such rebates by the Authority at the expense of the Issuer. To the extent not so performed by the Authority, the Issuer

and the Depository Bank (at the expense of the Issuer) may provide for the employment of independent attorneys, accountants or consultants compensated on such reasonable basis as the Issuer or the Depository Bank may deem appropriate in order to assure compliance with this Section 5.06. The Issuer shall keep and retain, or cause to be kept and retained, records of the determinations made pursuant to this Section 5.06 in accordance with the requirements of Section 148(f) of the Code and such Regulations.

The Issuer shall submit to the Authority within 15 days following the end of each Bond Year a certified copy of its rebate calculation and certificate with respect thereto or, if the Issuer qualifies for the small governmental issue exception to rebate, or any other exception therefrom, then the Issuer shall submit a certificate stating that it is exempt from such rebate provisions and that no event has occurred to its knowledge during the Bond Year which would make the Bonds subject to rebate. The Issuer shall also furnish to the Authority, at any time, such additional information relating to rebate as may be reasonably requested by the Authority.

ARTICLE VI

DEFEASANCE

Section 6.01. Defeasance of Series 1990 A Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1990 A Bonds, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1990 A Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1990 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1990 A 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 Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date, the principal installments of and interest on such Series 1990 A 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 1990 A Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed in the first paragraph of this section if there shall have been deposited with the Commission or its agent, 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 other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1990 A Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1990 A Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the

Issuer as received by the Commission or its agent, free and clear of any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

Section 6.02. Defeasance of Series 1990 B Bonds. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the respective Holders of all Series 1990 B Bonds, the principal due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Series 1990 B Bonds only, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 1990 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

Series 1990 B 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 Agents at the same or earlier time, shall be sufficient, to pay as and when due either at maturity or at the next redemption date the principal installments of and interest on such Series 1990 B 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 1990 B 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 Commission or its agent, 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 other moneys, if any, deposited with the Commission at the same time, shall be sufficient to pay when due the principal installments of and interest due and to become due on said Series 1990 B Bonds on and prior to the next redemption date or the maturity dates thereof. Neither securities nor moneys deposited with the Commission pursuant to this section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal installments of and interest on said Series 1990 B Bonds; provided, that any cash received from such principal or interest payments on such securities deposited with the Commission or its agent, if not then needed for such purpose, shall, to the extent practicable, be reinvested in securities maturing at times and in amounts sufficient to pay when due the principal installments of and interest to become due on said Bonds on and prior to the next redemption date or the maturity dates thereof, and interest earned from such reinvestments shall be paid over to the Issuer as received by the Commission or its agent, free and clear of

any trust, lien or pledge. For the purpose of this section, securities shall mean and include only Government Obligations.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Amendment or Modification of Bond Legislation. No material modification or amendment of this Bond Legislation, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the respective rights of Registered Owners of the Bonds shall be made without the consent in writing of the Registered Owners of 66-2/3% or more in principal amount of the Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest out of the funds herein respectively pledged therefor without the consent of the respective Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder or Noteholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure exemption from federal income taxation of interest on the Bonds.

Section 7.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 1990 Bonds and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 7.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of the Prior Resolution, this Resolution, the Supplemental Resolution or the Bonds.

Section 7.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 7.05. Conflicting Provisions Repealed. All orders or resolutions and or parts thereof (including the Prior Resolution)

in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 7.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the enactment of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.07. Effective Date. This Resolution shall take effect immediately upon adoption hereof.

Adopted this 4th day of April, 1990.

Chairman, Public Service Board

William L. Coffindaffer

Member, Public Service Board

Member, Public Service Board

CERTIFICATION

Certified a true copy of a Supplemental and Amendatory Resolution duly adopted by the Public Service Board of GRANT-UNION PUBLIC SERVICE DISTRICT on this 4th day of April, 1990.

Dated: April 6, 1990

[SEAL]

William L. Coffindaffer
Secretary, Public Service Board

04/04/90
GUJ.A4
35079/89001

"EXHIBIT A"

[Included as Document Nos. 4 and 5 of Bond Transcript]

GRANT-UNION PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 1990 A and Series 1990 B

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITIES, INTEREST RATES, PRINCIPAL PAYMENT SCHEDULES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 1990 A AND SERIES 1990 B OF GRANT-UNION PUBLIC SERVICE DISTRICT; AUTHORIZING AND APPROVING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the public service board (the "Governing Body") of Grant-Union Public Service District (the "Issuer"), has duly and officially adopted a supplemental and amendatory bond resolution, effective April 4, 1990 (the "Bond Resolution") entitled:

SUPPLEMENTAL AND AMENDATORY RESOLUTION SUPPLEMENTING AND AMENDING A RESOLUTION OF GRANT-UNION PUBLIC SERVICE DISTRICT ADOPTED NOVEMBER 5, 1986, AUTHORIZING ACQUISITION AND CONSTRUCTION OF PUBLIC SEWERAGE FACILITIES OF GRANT-UNION PUBLIC SERVICE DISTRICT AND ISSUANCE BY THE DISTRICT OF ITS SEWER REVENUE BONDS, SERIES 1986 A AND SERIES 1986 B, DATED NOVEMBER 6, 1986, IN THE AGGREGATE PRINCIPAL AMOUNT OF $2,190,158 TO PAY A PORTION OF THE COSTS OF SUCH ACQUISITION AND CONSTRUCTION; AUTHORIZING THE COMPLETION OF ACQUISITION AND CONSTRUCTION OF SUCH PUBLIC SEWERAGE FACILITIES OF THE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, OF SUCH COMPLETION THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $300,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 A, AND NOT MORE THAN $100,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 1990 B; PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS

OF SUCH BONDS; APPROVING AND RATIFYING A LOAN AGREEMENT AND SUPPLEMENTAL LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

which Bond Resolution supplemented and amended a Bond and Notes Resolution adopted November 5, 1986 (the "Prior Resolution") for the purpose of providing for additional Bonds to finance completion of acquisition and construction of the Project, all as defined in the Bond Resolution;

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds of the Issuer (the "Bonds"), in an aggregate principal amount of not to exceed $400,000, to be issued in two series, the Series 1990 A Bonds to be in an aggregate principal amount of not more than $300,000 (the "Series 1990 A Bonds") and the Series 1990 B Bonds to be in an aggregate principal amount of not more than $100,000 (the "Series 1990 B Bonds"), and has preliminarily authorized the execution and delivery of a loan agreement relating to the Series 1990 A Bonds dated April 6, 1990, and a supplemental loan agreement relating to the Series 1990 B Bonds, also dated April 6, 1990 (sometimes collectively referred to herein as the "Loan Agreement"), by and between the Issuer and West Virginia Water Development Authority (the "Authority"), all in accordance with Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, maturity dates, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

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

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted and that the Loan Agreement be approved and entered into by the Issuer, that the exact principal amounts, the prices, the maturity

dates, the redemption provisions, the interest rates and the interest and principal payment dates of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GRANT-UNION PUBLIC SERVICE DISTRICT:

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

(A) The Sewer Revenue Bonds, Series 1990 A, of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $285,908. The Series 1990 A Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall bear interest at the rate of 7.85% per annum, payable semiannually on April 1 and October 1 of each year, first interest payable October 1, 1990, shall be subject to redemption upon the written consent of the Authority, and upon payment of the interest and redemption premium, if any, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 A Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Loan Agreement and incorporated therein by reference.

(B) The Sewer Revenue Bonds, Series 1990 B, of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $13,342. The Series 1990 B Bonds shall be dated the date of delivery thereof, shall finally mature October 1, 2029, shall be interest free, shall be subject to redemption upon the written consent of the Authority, and otherwise in compliance with the Loan Agreement, as long as the Authority shall be the registered owner of the Series 1990 B Bonds, and shall be payable in installments of principal on October 1 of each of the years and in the amounts as set forth in "Schedule X," attached thereto and to the Supplemental Loan Agreement and incorporated therein by reference.

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

Section 3. The Issuer does hereby authorize, approve and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery by the Chairman of the Loan Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, directed and approved. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon.

Section 4. The Issuer does hereby appoint and designate One Valley Bank, National Association, Charleston, West Virginia, as Registrar for the Bonds and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and One Valley Bank, National Association, in substantially the form attached hereto, and the execution and delivery by the Chairman of the Registrar's Agreement, and the performance of the obligations contained therein, on behalf of the Issuer are hereby authorized, approved and directed.

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

Section 6. The Issuer does hereby continue the designation of The Harrison County Bank, Lost Creek, West Virginia, as Depository Bank under the Bond Resolution.

Section 7. Series 1990 A Bond proceeds in the amount of $-0- shall be deposited in the Series 1990 A Bonds Reserve Account and Series 1990 B Bond proceeds in the amount of $-0- shall be deposited in the Series 1990 B Bonds Reserve Account.

Section 8. The balance of proceeds of the Bonds shall be deposited in the Bond Construction Trust Fund for payment of Costs of the Project, including costs of issuance of the Bonds and repayment of any borrowings previously incurred for the Project.

Section 9. The Issuer hereby determines to pay, on the date of delivery of the Bonds and receipt of proceeds thereof, all borrowings of the Issuer heretofore incurred for the purpose of temporarily financing a portion of the Costs of the Project, including, but not limited to, all borrowings from West Virginia Water Development Authority.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents and certificates required or desirable in connection with the Bonds hereby and by the Bond Resolution approved and provided for, to the

end that the Bonds may be delivered on or about April 6, 1990, to the Authority pursuant to the Loan Agreement.

Section 11. The completion of financing of the Project in part with proceeds of the Bonds is in the public interest, serves a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer shall not permit at any time or times any of the proceeds of the 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 Bonds from the treatment afforded by Section 103(a) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"), by reason of the classification of the Bonds as "private activity bonds" within the meaning of the Code. The Issuer will take all actions necessary to comply with the Code and Treasury Regulations to be promulgated thereunder.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 4th day of April, 1990.

GRANT-UNION PUBLIC SERVICE DISTRICT

Chairman

04/20/90
GUS.E3
35079/89001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT-UNION PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1990 A

No. AR-1 $285,908

KNOW ALL MEN BY THESE PRESENTS: That GRANT-UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of TWO HUNDRED EIGHTY-FIVE THOUSAND NINE HUNDRED EIGHT DOLLARS ($285,908), in installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference with interest on each installment at the rate per annum set forth on said Exhibit A.

The interest rate on each installment shall run from the original date of delivery of this Bond to the Authority and payment therefor, and until payment of such installment, and such interest shall be payable on April 1 and October 1 in each year, beginning October 1, 1990. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent"). The interest on this Bond is payable by check or draft of the Paying Agent mailed to the registered owner hereof at the address as it appears on the books of One Valley Bank, National Association, Charleston, West Virginia, as registrar (the "Registrar") on the 15th day of the month next preceding an interest payment date, or by such other method as shall be mutually agreeable so long as the Authority is the registered owner hereof.

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement between the Issuer and the Authority, dated April 6, 1990.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new sewage collection, transportation and treatment facilities

of the Issuer (the "Project") not otherwise provided for; and (ii) to pay certain costs of issuance hereof and related costs for the Bonds of this series (the "Bonds"). This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted on November 5, 1986, a Supplemental and Amendatory Resolution duly adopted on April 4, 1990, and a Supplemental Resolution, duly adopted by the Issuer on April 4, 1990 (collectively called the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

This Bond is issued contemporaneously with the Sewer Revenue Bonds, Series 1990 B, of the Issuer (the "Series 1990 B Bonds"), issued in the aggregate principal amount of $13,342, which Series 1990 B Bonds are junior and subordinate with respect to liens and sources of and security for payment of the Bonds.

THIS BOND IS ON A PARITY WITH THE SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER, DATED NOVEMBER 6, 1986, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS") AND SENIOR AND PRIOR TO THE SEWER REVENUE BONDS, SERIES 1986 B, OF THE ISSUER, DATED NOVEMBER 6, 1986, ISSUED IN THE AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, moneys in the Reserve Account created under the Bond Legislation for the Bonds (the "Series 1990 A Bonds Reserve Account"), and unexpended proceeds of the Bonds and the Series 1990 B Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same or the interest hereon except from said special fund provided from the Net Revenues, the moneys in the Series 1990 A Bonds Reserve Account and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the

System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Series 1986 A Bonds, the Series 1986 B Bonds, the Bonds, the Series 1990 B Bonds, and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds, the Series 1986 B Bonds, the Bonds or the Series 1990 B Bonds, provided however, that so long as there exists in the Series 1990 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest which will become due on the Bonds in any year, and in the respective reserve accounts established for the Series 1990 B Bonds and any other obligations outstanding prior to or on a parity with the Series 1986 A Bonds, the Series 1986 B Bonds, the Bonds or the Series 1990 B Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all

other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of and interest on this Bond.

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

IN WITNESS WHEREOF, GRANT-UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary, and has caused this Bond to be dated April 6, 1990.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: April 6, 1990

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Grant Union Public Service District
Debt Service Schedule
Analysis of Borrowing from Series 1989 B Pool
39 Principal Payments
Closing Date: 06-Apr-90

Date	Coupon	Principal	Interest	Debt Service 7.85% Bonds
01-Oct-90			10,910.17	10,910.17
01-Oct-91	7.85%	1,243.00	22,443.78	23,686.78
01-Oct-92	7.85%	1,341.00	22,346.20	23,687.20
01-Oct-93	7.85%	1,446.00	22,240.93	23,686.93
01-Oct-94	7.85%	1,560.00	22,127.42	23,687.42
01-Oct-95	7.85%	1,682.00	22,004.96	23,686.96
01-Oct-96	7.85%	1,814.00	21,872.93	23,686.93
01-Oct-97	7.85%	1,956.00	21,730.53	23,686.53
01-Oct-98	7.85%	2,110.00	21,576.98	23,686.98
01-Oct-99	7.85%	2,276.00	21,411.35	23,687.35
01-Oct-2000	7.85%	2,454.00	21,232.68	23,686.68
01-Oct-2001	7.85%	2,647.00	21,040.04	23,687.04
01-Oct-2002	7.85%	2,855.00	20,832.25	23,687.25
01-Oct-2003	7.85%	3,079.00	20,608.13	23,687.13
01-Oct-2004	7.85%	3,320.00	20,366.43	23,686.43
01-Oct-2005	7.85%	3,581.00	20,105.81	23,686.81
01-Oct-2006	7.85%	3,862.00	19,824.70	23,686.70
01-Oct-2007	7.85%	4,165.00	19,521.54	23,686.54
01-Oct-2008	7.85%	4,492.00	19,194.58	23,686.58
01-Oct-2009	7.85%	4,845.00	18,841.96	23,686.96
01-Oct-2010	7.85%	5,225.00	18,461.63	23,686.63
01-Oct-2011	7.85%	5,635.00	18,051.47	23,686.47
01-Oct-2012	7.85%	6,078.00	17,609.12	23,687.12
01-Oct-2013	7.85%	6,555.00	17,132.00	23,687.00
01-Oct-2014	7.85%	7,070.00	16,617.43	23,687.43
01-Oct-2015	7.85%	7,624.00	16,062.43	23,686.43
01-Oct-2016	7.85%	8,223.00	15,463.95	23,686.95
01-Oct-2017	7.85%	8,868.00	14,818.45	23,686.45
01-Oct-2018	7.85%	9,565.00	14,122.31	23,687.31
01-Oct-2019	7.85%	10,315.00	13,371.45	23,686.45
01-Oct-2020	7.85%	11,125.00	12,561.73	23,686.73
01-Oct-2021	7.85%	11,999.00	11,688.41	23,687.41
01-Oct-2022	7.85%	12,940.00	10,746.49	23,686.49
01-Oct-2023	7.85%	13,956.00	9,730.70	23,686.70
01-Oct-2024	7.85%	15,052.00	8,635.16	23,687.16
01-Oct-2025	7.85%	16,233.00	7,453.58	23,686.58
01-Oct-2026	7.85%	17,508.00	6,179.28	23,687.28
01-Oct-2027	7.85%	18,882.00	4,804.91	23,686.91
01-Oct-2028	7.85%	20,364.00	3,322.67	23,686.67
01-Oct-2029	7.85%	21,963.00	1,724.10	23,687.10
		285,908.00	648,790.64	934,698.64

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

04/04/90
GUJ.H4
35079/89001

(SPECIMEN BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GRANT-UNION PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 1990 B

No. BR-1 $13,342

KNOW ALL MEN BY THESE PRESENTS: That GRANT-UNION PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of THIRTEEN THOUSAND THREE HUNDRED FORTY-TWO DOLLARS ($13,342), in annual installments on October 1 of each year as set forth on the "Schedule of Annual Debt Service" attached as Exhibit A hereto and incorporated herein by reference, without interest.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority, and upon the terms and conditions prescribed by, and otherwise in compliance with, the Supplemental Loan Agreement between the Issuer and the Authority, dated April 6, 1990.

This Bond is a completion bond and is issued (i) to pay a portion of the costs of completion of acquisition and construction of certain new sewage collection, transportation and treatment facilities of the Issuer (the "Project") not otherwise provided for; and (ii) to pay certain costs of issuance hereof and related costs for the Bonds of this series (the "Bonds"). This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and a Bond and Notes Resolution duly adopted on November 5, 1986, a Supplemental and Amendatory Resolution duly adopted on April 4, 1990, and a Supplemental Resolution, duly adopted, by the Issuer on April 4, 1990 (collectively called the "Bond Legislation"), and is subject to all

the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ON PARITY WITH THE SEWER REVENUE BONDS, SERIES 1986 B, OF THE ISSUER, DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS") AND IS JUNIOR AND SUBORDINATE WITH RESPECT TO LIENS, PLEDGES AND SOURCES OF AND SECURITY FOR PAYMENT TO THE OUTSTANDING SEWER REVENUE BONDS, SERIES 1990 A, OF THE ISSUER (THE "SERIES 1990 A BONDS"), ISSUED CONCURRENTLY HEREWITH, AND THE SEWER REVENUE BONDS, SERIES 1986 A, OF THE ISSUER, DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS"), ALL AS DESCRIBED IN THE BOND LEGISLATION.

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System after there has first been paid from said Net Revenues all payments then due and owing on account of the Series 1986 A Bonds and the Series 1990 A Bonds herein described and from all moneys in the Reserve Account created under the Bond Legislation for the Bonds of this series, and unexpended proceeds of the Bonds of this series. Such Net Revenues shall be sufficient to pay the principal of and interest on all bonds which may be issued pursuant to the Act and which shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute a corporate indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the moneys in the reserve account for the Series 1990 B Bonds and unexpended Bond proceeds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the amount required to pay the maximum amount due in any year of principal of and interest, if any, on the Series 1986 A Bonds, the Series 1986 B Bonds, the Bonds, the Series 1990 A Bonds and all other obligations secured by or payable from such revenues prior to or on a parity with the Series 1986 A Bonds, the Series 1986 B Bonds, the Series 1990 A Bonds or the Bonds, provided however, that so long as there exists in the reserve accounts established for the Series 1986 A Bonds, the

Series 1986 B Bonds, the Series 1990 A Bonds and Series 1990 B Bonds, respectively, amounts at least equal to the maximum amount of principal and interest which will become due on the Series 1986 A Bonds, the Series 1986 B Bonds, the Bonds and the Series 1990 A Bonds in any year, and any reserve account for any such prior or parity obligations is funded at least at the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to the payment of the Costs of the Project described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such moneys, until so applied, in favor of the registered owner of the Bonds, which lien is subordinate to the lien in favor of the registered owner of the Series 1990 A 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 the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

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

IN WITNESS WHEREOF, GRANT-UNION PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed hereon and attested by its Secretary and has caused this Bond to be dated April 6, 1990.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 1990 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above.

Date: April 6, 1990

ONE VALLEY BANK, NATIONAL ASSOCIATION,
as Registrar

By _____
Its Authorized Officer

EXHIBIT A

SCHEDULE OF ANNUAL DEBT SERVICE

Grant Union Public Service District
Debt Service Schedule
Analysis of Borrowing from Series 1989 B Pool
39 Principal Payments
Closing Date: 06-Apr-90

Date	Interest Free Loan
01-Oct-90	
01-Oct-91	342.20
01-Oct-92	342.10
01-Oct-93	342.10
01-Oct-94	342.10
01-Oct-95	342.10
01-Oct-96	342.10
01-Oct-97	342.10
01-Oct-98	342.10
01-Oct-99	342.10
01-Oct-2000	342.10
01-Oct-2001	342.10
01-Oct-2002	342.10
01-Oct-2003	342.10
01-Oct-2004	342.10
01-Oct-2005	342.10
01-Oct-2006	342.10
01-Oct-2007	342.10
01-Oct-2008	342.10
01-Oct-2009	342.10
01-Oct-2010	342.10
01-Oct-2011	342.10
01-Oct-2012	342.10
01-Oct-2013	342.10
01-Oct-2014	342.10
01-Oct-2015	342.10
01-Oct-2016	342.10
01-Oct-2017	342.10
01-Oct-2018	342.10
01-Oct-2019	342.10
01-Oct-2020	342.10
01-Oct-2021	342.10
01-Oct-2022	342.10
01-Oct-2023	342.10
01-Oct-2024	342.10
01-Oct-2025	342.10
01-Oct-2026	342.10
01-Oct-2027	342.10
01-Oct-2028	342.10
01-Oct-2029	342.10
	13,342.00

ASSIGNMENT

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

the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, _____.

_____

In the presence of:

_____

04/04/90
GUJ.I4
35079/89001

MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT

Sewer Revenue Bond, Series 1995

BOND RESOLUTION

Table of Contents

Subject		Page
	ARTICLE I STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS	
Section 1.01	Authority for This Resolution	1
Section 1.02	Findings and Determinations	1
Section 1.03	Bond Legislation Constitutes Contract	3
Section 1.04	Definitions	3
	ARTICLE II AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT	
Section 2.01	Authorization of Acquisition and Construction of the Project	7
	ARTICLE III AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND	
Section 3.01	Authorization of Bond	8
Section 3.02	Description of Bond	8
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	8
Section 3.04	Registrar	8
Section 3.05	Execution of Bond	9
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	9
Section 3.07	Bond Secured by Pledge of Net Revenues	9
Section 3.08	Form of Bond	10
	FORM OF BOND	11

ARTICLE IV
SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01	Establishment of Funds and Accounts with Depository Bank	17
Section 4.02	Bond Proceeds; Project Construction Account	17
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	18

ARTICLE V
GENERAL COVENANTS, ETC.

Section 5.01	General Statement	22
Section 5.02	Rates	22
Section 5.03	Sale of the System	22
Section 5.04	Issuance of Additional Parity Bonds or Obligations	22
Section 5.05	Insurance and Bonds	22
Section 5.06	Statutory Mortgage Lien	24
Section 5.07	Events of Default	24
Section 5.08	Enforcement	24
Section 5.09	Fiscal Year; Budget	25
Section 5.10	Compensation of Members of Governing Body	25
Section 5.11	Covenant to Proceed and Complete	25
Section 5.12	Books and Records; Audits	25
Section 5.13	Maintenance of System	26
Section 5.14	No Competition	26
Section 5.15	Mandatory Connections	26

ARTICLE VI
RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules	27

ARTICLE VII
MISCELLANEOUS

Section 7.01	Payment of Bond	28
Section 7.02	Modification or Amendment	28
Section 7.03	Delivery of Bond	28
Section 7.04	Severability of Invalid Provisions	28
Section 7.05	Conflicting Provisions Repealed	28
Section 7.06	Table of Contents and Headings	28
Section 7.07	Covenant of Due Procedure, Etc.	28
Section 7.08	Effective Time	29
	SIGNATURES	29

MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF NEW PUBLIC SEWERAGE FACILITIES OF MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $432,000 IN PRINCIPAL AMOUNT OF SEWER REVENUE BOND, SERIES 1995; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITIES OF THE HOLDER OF THE BOND; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

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

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for This Resolution. This Resolution is adopted pursuant to the provisions of Chapter 16, Article 13A of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law. Mount Clare Road Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Harrison County of said State, duly created pursuant to the Act by The County Commission of Harrison County.

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

A. The Issuer does not now own or operate a public sewerage system, but desires to acquire, construct and operate sewerage facilities, and additions, extensions and improvements thereto. The inhabitants of the Issuer and surrounding area urgently require that a public sewerage system be acquired and constructed as herein provided.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain new sewerage facilities, consisting of a sewerage collection system comprised of approximately 22,300 linear feet

of 8-inch PVC SDR 35 sewer line, 3,000 linear feet of 4-inch lateral main, 2,000 linear feet of 3-inch PVC force main and one submersible lift station, and all necessary appurtenant facilities (the "Project"), particularly described in and according to the plans and specifications prepared by the Consulting Engineer and heretofore filed in the office of the Secretary of the Public Service Board (the "Governing Body") of the Issuer. The Project and any further extensions or improvements thereto, are herein called the "System." The Issuer will enter into a sewage treatment agreement and a management agreement with the Sanitary Board of the City of Clarksburg. The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

C. The estimated revenues to be derived in each year from the operation of the System after completion of the Project will be sufficient to pay all the costs of the operation and maintenance of the System, the principal of and interest on the Bond (as hereinafter defined) and all debt service, reserve fund and other payments provided for herein.

D. The estimated maximum cost of the acquisition and construction of the Project is $1,299,450, of which $432,000 will be obtained from the proceeds of sale of the Bond herein authorized, $679,450 from a grant by the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia), and $188,000 from a grant by Farmers Home Administration.

E. It is necessary for the Issuer to issue its revenue bond in the principal amount of $432,000 to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the acquisition of any necessary property, real or personal, or interest therein; interest on the Bond prior to, during and for six months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the acquisition and construction of the Project and the financing authorized hereby; provided that, reimbursement to the Issuer for any amounts expended by it for the repayment of indebtedness incurred for Costs of the Project by the Issuer shall be deemed Costs of the Project.

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

G. There are no outstanding bonds, obligations or other indebtedness of the Issuer which are secured by or payable from revenues or assets of the System.

H. It is in the best interest of the Issuer that the Bond be sold to the United States Department of Agriculture, Farmers Home Administration (the "Purchaser"), pursuant to the terms and provisions of a Letter of Conditions dated March 18, 1992, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Bond, or will have so complied prior to issuance of the Bond, including, among other things and without limitation, the consent and approval, pursuant to the Act and other applicable provisions of law, of the issuance of the Bond, the acquisition and construction of the Project and the imposition of rates and charges by the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Bond by those who shall be the registered owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Bondholder, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the registered owner of the Bond.

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

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

"Bond" means the Sewer Revenue Bond, Series 1995, authorized hereby.

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

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Thrasher Engineering, Inc., Clarksburg, West Virginia, or any qualified engineer or firm of engineers which shall at any time hereafter be retained by the Issuer as Consulting Engineer for the System.

"Depository Bank" means Bank One, West Virginia, NA, Clarksburg, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Mount Clare Road Public Service District, in Harrison County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated March 18, 1992, and all amendments thereto, if any.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed 1/6th of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital, provided that all monthly amortization payments upon the Bond and into the Reserve Fund and the Depreciation Reserve have been made to the last monthly payment date prior to the date of such retention.

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

"Purchaser" or "Government" means United States Department of Agriculture, Farmers Home Administration, and any successor thereof, acting for and on behalf of the United States of America.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC (hereinbefore defined) or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said

repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia State Board of Investments pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

(i) Obligations of States or political subdivisions or agencies thereof, the interest on which is excluded from gross income for federal income tax purposes, and which are rated at least "A" by Moody's Investors Service or Standard & Poor's Corporation.

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

"Registrar" means the Issuer, which shall usually so act by its Secretary.

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

"Secretary" means the Secretary of the Governing Body.

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

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

Words importing singular number shall include the plural number in each case and vice versa; words importing persons shall include firms and corporations; and words importing the masculine, feminine or neuter gender shall include any other gender.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized the acquisition and construction of the Project, at an estimated cost of $1,299,450, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions of the Bond Legislation, the Bond of the Issuer, to be known as "Sewer Revenue Bond, Series 1995," is hereby authorized to be issued in the aggregate principal amount of not exceeding $432,000 for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, numbered R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from the date of delivery, payable monthly at the rate of 4 1/2% per annum, and shall be sold for the par value thereof.

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

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Bond, and the right to principal of and stated interest on the Bond, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Registrar.

Whenever the Bond shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Registrar. The Issuer shall be the Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Registrar shall, under such reasonable regulations as it may prescribe, register the Bond initially issued pursuant

hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Bond as hereinbefore provided.

The Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Bond shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be Federal Building, Room 320, 75 High Street, Morgantown, West Virginia 26505-7500, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bond. The Bond shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Bond shall cease to be such officer of the Issuer before the Bond so signed and sealed has been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be canceled and held for the account of the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bond Secured by Pledge of Net Revenues. The payment of the debt service of the Bond shall be secured forthwith by a first lien on the Net Revenues derived from the System in addition to the statutory mortgage lien on the System hereinafter provided for. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Bond, and to make the payments as

hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Bond as the same become due as herein provided.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Bond and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 1995

$432,000

No. R-1 Date: _____

FOR VALUE RECEIVED, MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR HUNDRED THIRTY-TWO THOUSAND DOLLARS ($432,000), plus interest on the unpaid principal balance at the rate of 4 1/2% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $1,983, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment

of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

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

MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

Route 1, Box 128
(P. O. Box No. or Street Address)

Clarksburg, West Virginia 26301
(City, State and Zip Code)

ATTEST:

(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Executive Official)

(Form of)

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created and established with, and shall be held by, the Depository Bank, separate, distinct and apart from all other funds or accounts of the Depository Bank and from each other:

(1) Revenue Fund;

(2) Reserve Fund;

(3) Depreciation Reserve; and

(4) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Bond shall be deposited upon receipt by the Issuer in the Project Construction Account. The moneys in the Project Construction Account in excess of the amount insured by FDIC shall be secured at all times by the Depository Bank by securities or in a manner lawful for the securing of deposits of State and municipal funds under West Virginia law. Moneys in the Project Construction Account shall be expended by the Issuer solely for the purposes provided herein.

Moneys in the Project Construction Account shall be used solely to pay the cost of acquisition and construction of the Project upon vouchers and other documentation approved by the Purchaser.

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

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any

balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the holder of the Bond as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System shall be deposited upon receipt 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.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority:

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

(2) The Issuer shall next, on or before the due date of payment of each installment on the Bond, transfer from the Revenue Fund and remit to the National Finance Office designated in the Bond (or such other place as may be provided pursuant to the Bond), the amount required to pay the interest on the Bond, and to amortize the principal of the Bond over the life of the Bond issue.

(3) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Reserve Fund, 1/12th of 1/10th of the amount, as of the date of calculation, equal to the maximum amount of principal and interest which will become due on the Bond in any year, until the amount in the Reserve Fund equals such maximum amount (the "Minimum Reserve"). After the Minimum Reserve has been accumulated in the Reserve Fund, the Issuer shall monthly deposit into the Reserve Fund such part of the

moneys remaining in the Revenue Fund, after such provision for the payments hereinabove provided, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office (or other place provided) as the same shall become due or for prepayment of installments on the Bond, or for mandatory prepayment of the Bond as hereinafter provided, and for no other purpose; provided, however, that when the Minimum Reserve has been accumulated in the Reserve Fund, all earnings of investments of moneys therein shall at least annually be transferred to and deposited in the Revenue Fund.

(4) The Issuer shall next, on each date that payment is made as set forth in (2) above, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the aggregate sum of $65,000, and thereafter such sums as shall be required to maintain such amount therein. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of principal of and interest on the Bond as the same become due, and next to restore to the Reserve Fund any sum or sums transferred therefrom. Thereafter, and provided that payments into the Reserve Fund are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve, may be withdrawn by the Issuer and used for extraordinary repairs and for replacements of equipment and improvements for the System, or any part thereof.

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

Whenever the money in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the

mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

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

The Revenue Fund, the Reserve Fund and the Depreciation Reserve shall constitute trust funds and shall be used only for the purposes and in the order provided herein, and until so used, the Purchaser shall have a lien thereon for further securing payment of the Bond and the interest thereon, but the Depository Bank shall not be a trustee as to such funds.

If on any payment date the Revenues are insufficient to make the payments and transfers and to deposit the required amount in any of the funds as hereinabove provided, the deficiency shall be made up in the subsequent payments, transfers and deposits in addition to those which would otherwise be required to be made on the subsequent payment dates.

The Depository Bank, at the direction of the Issuer, shall keep the moneys in the Reserve Fund and the Depreciation Reserve invested and reinvested to the fullest extent possible in accordance with applicable law, and to the extent practicable, in Qualified Investments having maturities consonant with the required use thereof. Investments in any fund or account under this Bond Legislation shall, unless otherwise provided herein or required by law, be valued at the lower of cost or the then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including value of accrued interest and giving effect to the amortization of discount, or at par if such investment is

held by the "consolidated fund" managed by the West Virginia State Board of Investments. Any investment shall be held in and at all times deemed a part of the fund or account in which such moneys were originally held, and interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Depository Bank.

C. CHANGE OF FISCAL AGENT. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank and Fiscal Agent if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 118 bona fide full-time users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

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

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

H. GROSS REVENUES. The Gross Revenues of the System shall only be used for purposes of the System.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Bond shall be outstanding and unpaid, or until there shall have been set apart in the Reserve Fund a sum sufficient to prepay the entire principal of the Bond remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Bondholder.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Bond and sufficient to make the payments required herein into the Reserve Fund and the Depreciation Reserve and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Bond is outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. No additional parity bonds or obligations payable out of any of the Revenues of the System shall be issued, except with the prior written consent of the Purchaser.

Section 5.05. Insurance and Bonds. The Issuer hereby covenants and agrees that it will, as an expense of construction, operation and maintenance of the System, procure, carry and maintain, so long as the Bond remains outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for

the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Bond.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the Issuer is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in an amount at least equal to the total funds in the custody of any such person at any one time, and initially in the amount of $50,000 upon

the treasurer, provided, however, that no bond shall be required insofar as custody of the Project Construction Account is concerned so long as checks thereon require the signature of a representative of the Purchaser.

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

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Bond, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Bond.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

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

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

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Bond is outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of

certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Bond is outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

Section 5.15. 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 water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on November 28, 1994, Case No. 93-1136-PSD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Bondholder.

Section 7.03. Delivery of Bond. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Bond, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05. Conflicting Provisions Repealed. All resolutions and orders, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflicts, hereby repealed; provided that this Section shall not be applicable to the Loan Resolution (Form FmHA 442-47).

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form

and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted: April 18, 1995.

Rodney Raggleman
Chairman of Public Service Board

Patricia M. Griffith
Member

Member

04/06/95
MCC.A2
636260/92001

(SPECIMEN BOND)

MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT

SEWER REVENUE BOND, SERIES 1995

$432,000

No. R-1 Date: April 18, 1995

FOR VALUE RECEIVED, MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT (herein called "Borrower") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FOUR HUNDRED THIRTY-TWO THOUSAND DOLLARS ($432,000), plus interest on the unpaid principal balance at the rate of 4 1/2% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $1,983, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Registrar, but only in the manner, subject to the limitations and upon payment

of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted authorizing issuance of this Bond (the "Resolution").

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

This Bond is given as evidence of a loan to Borrower made or insured by the Government pursuant to the Consolidated Farmers Home Rural Development Act. This Bond shall be subject to the present regulations of the Farmers Home Administration and to its future regulations not inconsistent with the express provisions hereof.

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

MOUNT CLARE ROAD PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____

Chairman, Public Service Board
Route 1, Box 128
Clarksburg, West Virginia 26301

ATTEST:

_____

Secretary, Public Service Board

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$		(7)	$	
(2)	$		(8)	$	
(3)	$		(9)	$	
(4)	$		(10)	$	
(5)	$		(11)	$	
(6)	$		(12)	$	

TOTAL $_____

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS,
SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND
SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Table of Contents

Subject		Page
ARTICLE I		
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS		
Section 1.01	Authority for this Resolution	1
Section 1.02	Findings	2
Section 1.03	Bond Legislation Constitutes Contract	6
Section 1.04	Definitions	6
ARTICLE II		
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF PRIOR NOTES		
Section 2.01	Authorization of Acquisition and Construction of the Project and Refunding of the Prior Notes	16
ARTICLE III		
AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND SALE OF BONDS; AUTHORIZATION AND EXECUTION OF LOAN AGREEMENT		
Section 3.01	Authorization of Bonds	17
Section 3.02	Terms of Bonds	17
Section 3.03	Execution of Bonds	18
Section 3.04	Authentication and Registration	18
Section 3.05	Negotiability, Transfer and Registration	18
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	19
Section 3.07	Bonds not to be Indebtedness of the Issuer	19

Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds	20
Section 3.09	Delivery of Bonds	20
Section 3.10	Form of Bonds	20
	FORM OF SERIES 2003 A BOND	21
	FORM OF SERIES 2003 B BOND	30
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	39
Section 3.12	"Amended Schedule" Filing	39

ARTICLE IV
[RESERVED] 40

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	41
Section 5.02	Establishment of Funds and Accounts with Commission	41
Section 5.03	System Revenues; Flow of Funds	41

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	47
Section 6.02	Disbursements From the Bond Construction Trust Fund	48

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	50
Section 7.02	Bonds not to be Indebtedness of the Issuer	50
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds	50
Section 7.04	Initial Schedule of Rates and Charges	50
Section 7.05	Sale of the System	51
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	52
Section 7.07	Parity Bonds	52
Section 7.08	Books; Records and Audit	55
Section 7.09	Rates	57
Section 7.10	Operating Budget and Monthly Financial Report	57
Section 7.11	Engineering Services and Operating Personnel	58
Section 7.12	No Competing Franchise	59

Section 7.13	Enforcement of Collections	59
Section 7.14	No Free Services	59
Section 7.15	Insurance and Construction Bonds	60
Section 7.16	Mandatory Connections	61
Section 7.17	Completion and Operation of Project; Permits and Orders	62
Section 7.18	Tax Covenants	62
Section 7.19	Statutory Mortgage Lien	63
Section 7.20	Compliance with Loan Agreement and Law	63
Section 7.21	Securities Laws Compliance	64
Section 7.22	Contracts; Public Releases	64

ARTICLE VIII
INVESTMENT OF FUNDS; NON ARBITRAGE

Section 8.01	Investments	65
Section 8.02	Certificate as to use of Proceeds; Covenants as to Use of Proceeds	65

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	67
Section 9.02	Remedies	67
Section 9.03	Appointment of Receiver	67

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	70

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	71
Section 11.02	Bond Legislation Constitutes Contract	71
Section 11.03	Severability of Invalid Provisions	71
Section 11.04	Headings, Etc.	71
Section 11.05	Conflicting Provisions Repealed	71
Section 11.06	Covenant of Due Procedure, Etc.	72
Section 11.07	Public Notice of Proposed Financing	72
Section 11.08	Effective Date	72
	SIGNATURES	73
	CERTIFICATION	74
	EXHIBIT A	75

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING SEWERAGE SYSTEM DESIGN NOTES, SERIES 2000 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $1,981,165 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), AND $4,130,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01. Authority for this Resolution. This Resolution (together with any order or resolution supplemental hereto or amendatory hereof, the "Bond Legislation") is adopted pursuant to the provisions of Chapter 16, Article 13A, Chapter 22C, Article 2 and

Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public sewerage system of the Issuer, consisting of extending sewer services in the Good Hope area of Harrison County to approximately 161 new residential customers; in the area of U.S. Route 19, south of Clarksburg, in Harrison County to provide service to 49 new residential customers and to S&S Landfill; in the area of Lost Creek north to the Hastings Run Road in Harrison County to provide service to 65 new residential customers; to provide for major improvements to the District's existing wastewater treatment plant in West Milford, Harrison County; to extend sewer service in the area of U.S. Route 19, north from S&S Landfill to Meadowview Apartments, in Harrison County, to provide sewer service to 2 new residential customers and one new commercial customer, Meadowview Apartments; to extend sewer service north of Lost Creek, from the Hastings Run Road to I-79, in Harrison County, to provide service to 51 new residential customers; and providing for a sanitary sewer extension to Laurel Lea Subdivision in Harrison County to provide service to 33 new residential customers, together with all appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewer facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. The Issuer has heretofore issued its Sewerage System Design Notes, Series 2000 A (West Virginia Infrastructure Fund), dated July 27, 2000, issued in the original principal amount of $200,000 (the "Prior Notes"), to temporarily finance a portion of the costs of design of the Project. The Prior Notes are secured by a first lien on the proceeds of any revenue bonds, refunding bonds or other obligations of the Issuer, issued subsequent to the issuance of the Prior Notes. The Issuer hereby determines that it is in its best interest to

pay the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for, if any, the Prior Notes in full with proceeds of the Series 2003 B Bonds on the date of issuance thereof.

E. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in the total aggregate principal amount of $6,111,165, in two series (collectively, the "Series 2003 Bonds"), being the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), in the aggregate principal amount of $1,981,165 (the "Series 2003 A Bonds"), and the Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), in the aggregate principal amount of $4,130,000 (the "Series 2003 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project and to pay in full the Prior Notes. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2003 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the SRF Administrative Fee (as hereinafter defined), discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2003 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2003 Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

G. It is in the best interests of the Issuer that its Series 2003 A Bonds be sold to the Authority pursuant to the terms and provisions of a bond purchase agreement by and among the Issuer, the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and its Series 2003 B Bonds be sold to the Authority pursuant to the terms and provisions of a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), both agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

H. Following the refunding of the Prior Notes, there are outstanding obligations of the Issuer (those issued under its prior name, Grant-Union Public Service District and those assumed from merging with Mount Clare Road Public Service District, hereinafter collectively, the "Prior Bonds") which are designated and have the lien positions with respect to the Net Revenues of the merged sewerage system of the Issuer as follows:

Designation	Lien Position
(1) Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771 (the "Series 1986 A Bonds").	First Lien
(2) Grant-Union Public Service District Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908 (the "Series 1990 A Bonds").	First Lien
(3) Mount Clare Road Public Service District Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated April 18, 1995, issued in the original aggregate principal amount of $432,000 (the "Series 1995 Bonds").	First Lien
(4) Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387 (the "Series 1986 B Bonds").	Second Lien
(5) Grant-Union Public Service District Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,342 (the "Series 1990 B Bonds").	Second Lien

The Series 1986 A Bonds, Series 1990 A Bonds and the Series 1995 Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1986 B Bonds and the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The First Lien Bonds and Second Lien Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds."

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

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

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

K. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

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

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

"Act" means, collectively, Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2003 Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the DEP and the Council under the Act.

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

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

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

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

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

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2003 Bonds for all or a portion of the proceeds of the Series 2003 Bonds from the Authority.

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

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

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

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

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

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

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

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

"First Lien Bonds" means, collectively, the Series 1986 A, the Series 1990 A Bonds and the Series 1995 Bonds.

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

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

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

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

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

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

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

"Investment Property" means:

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

(B) any obligation,

(C) any annuity contract,

(D) any investment-type property, or

(E) in the case of a bond other than a private activity bond, any residential rental property for family units which is not located within the jurisdiction of the

Issuer and which is not acquired to implement a court ordered or approved housing desegregation plan.

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

"Issuer" means Greater Harrison County Public Service District, formerly Grant-Union Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

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

"Net Proceeds" means the face amount of the Series 2003 Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2003 Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Nonpurpose Investment" means any Investment Property as defined in Section 148(b) of the Code, that is not a purpose investment.

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, the SRF Administrative Fee, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided,

that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

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

"Prior Bonds" means, collectively, the First Lien Bonds and the Second Lien Bonds.

"Prior Notes" means the Issuer's Sewerage System Design Notes, Series 2000 A (West Virginia Infrastructure Fund), as described in Section 1.02D hereof.

"Prior Resolutions" means, collectively, the Resolutions authorizing the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in a trade or business carried on by any person other than a governmental unit; provided that, use as a member of the general public shall not be taken into account.

"Project" means the Project as described in Section 1.02B hereof.

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

(a) Government Obligations;

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

Government Obligations or interest coupons stripped from Government Obligations;

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6 of the West Virginia Code of 1931, as amended; and

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund continued by the Section 5.01 hereof.

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

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2003 Bonds and the Prior Bonds.

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

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

"Series 1986 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771, under its prior name Grant-Union Public Service District.

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387, under its prior name Grant-Union Public Service District.

"Series 1990 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908, under its prior name Grant-Union Public Service District.

"Series 1990 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,342, under its prior name Grant-Union Public Service District.

"Series 1995 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated April 18, 1995, issued in the original aggregate principal amount of $432,000, assumed as a result of a merger with Mount Clare Road Public Service District.

"Series 2003 Bonds" means, collectively, the Series 2003 A Bonds and the Series 2003 B Bonds.

"Series 2003 A Bonds" means the Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), of the Issuer, authorized by this Resolution.

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

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

"Series 2003 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2003 A Bonds in the then current or any succeeding year.

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

"Series 2003 B Bonds" means the Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

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

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

"Series 2003 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2003 B Bonds in the then current or any succeeding year.

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

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

"SRF Administrative Fee" means any administrative fee required to be paid under the Loan Agreement for the Series 2003 A Bonds.

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

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

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2003 Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2003 Bonds, and not so included, may be included in another Supplemental Resolution.

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

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT AND REFUNDING OF PRIOR NOTES

Section 2.01. Authorization of Acquisition and Construction of the Project and Refunding of the Prior Notes. There is hereby authorized and ordered the refunding of the Prior Notes and the acquisition and construction of the Project, at an estimated cost of $7,886,165, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2003 Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority, the DEP and the Council.

The cost of the Project is estimated to be $7,886,165, of which approximately $1,981,165 will be obtained from proceeds of the Series 2003 A Bonds, approximately $4,130,000 will be obtained from proceeds of the Series 2003 B Bonds, and approximately $1,775,000 will be obtained from a grant by the West Virginia Infrastructure Fund.

The cost of refunding the Prior Notes is estimated to be $206,000, which will be obtained from the proceeds of the Series 2003 B Bonds.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2003 Bonds, funding the respective Reserve Accounts for the Series 2003 Bonds, refunding the Prior Notes, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2003 Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2003 Bonds of the Issuer. The Series 2003 Bonds shall be issued in two series, each as a single bond, designated respectively as "Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program)," in the principal amount of $1,981,165, and "Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund)," in the principal amount of $4,130,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2003 Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2003 Bonds, if any, shall be deposited in or credited to the respective Bond Construction Trust Funds established by Section 5.01 hereof and applied as set forth in Article VI hereof.

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

Unless otherwise provided by the Supplemental Resolution, the Series 2003 Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of each series of the Series 2003 Bonds. The Series 2003 Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal

installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2003 Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2003 Bonds shall cease to be such officer of the Issuer before the Series 2003 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2003 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2003 Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2003 Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2003 Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

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

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

The registered Series 2003 Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

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

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2003 Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2003 Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein

provided. No holder or holders of the Series 2003 Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2003 Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2003 A Bonds and the Series 2003 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2003 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

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

A. If other than the Authority, a list of the names in which the Series 2003 Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2003 Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2003 Bonds.

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

(FORM OF SERIES 2003 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2003 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated _____, 2003.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the

Issuer (the "Project"); (ii) to fully fund the Series 2003 A Bonds Reserve Account and the Series 2003 B Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2003, and a Supplemental Resolution duly adopted by the Issuer on _____, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1986 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $285,908 (THE "SERIES 1990 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 18, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $432,000 (THE "SERIES 1995 BONDS"); AND (4) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 26, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,130,000 (COLLECTIVELY, THE "FIRST LIEN BONDS") AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS") AND SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,342 (THE "SERIES 1990 B BONDS") (COLLECTIVELY, THE "SECOND LIEN BONDS"). THE SERIES 1986 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 1995 BONDS, THE SERIES 1986 B BONDS AND THE SERIES 1990 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2003 B Bonds

and the First Lien Bonds and senior and prior to the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2003 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2003 B Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2003 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2003 B Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created

and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

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

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

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

IN WITNESS WHEREOF, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2003.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2003.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2003 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-____ $_____

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

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2003.

This Bond is issued (i) to pay in full the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for the Issuer's Sewerage System Design Notes, Series 2000 A (West Virginia Infrastructure Fund); (ii) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the

Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2003, and a Supplemental Resolution duly adopted by the Issuer on _____, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1986 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $285,908 (THE "SERIES 1990 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 18, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $432,000 (THE "SERIES 1995 BONDS"); AND (4) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 26, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,130,000 (COLLECTIVELY, THE "FIRST LIEN BONDS"); AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS") AND SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,342 (THE "SERIES 1990 B BONDS") (COLLECTIVELY, THE "SECOND LIEN BONDS"). THE SERIES 1986 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 1995 BONDS, THE SERIES 1986 B BONDS AND THE SERIES 1990 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2003 A Bonds and the First Lien Bonds and senior and prior to the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 B

Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2003 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2003 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2003 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2003 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

IN WITNESS WHEREOF, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated _____, 2003.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2003.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2003 Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective Loan Agreements. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreements, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Depreciation Reserve (established by the Prior Resolutions);

(4) Series 2003 A Bonds Construction Trust Fund; and

(5) Series 2003 B Bonds Construction Trust Fund.

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

(1) Series 2003 A Bonds Sinking Fund;

(2) Series 2003 A Bonds Reserve Account;

(3) Series 2003 B Bonds Sinking Fund; and

(4) Series 2003 B Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission and the National Finance Office, as appropriate, the amounts required to pay interest on the First Lien Bonds, as required by the Prior Resolutions.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Commission and the National Finance Office, as appropriate, the amounts required to pay principal of the First Lien Bonds, as required by the Prior Resolutions; (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2003 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2003 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date; and (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2003 B Bonds, for deposit in the Series 2003 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2003 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2003 B Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Commission and the Depository Bank, as appropriate, the amounts required by

the Prior Resolutions for deposit in the respective Reserve Accounts for the First Lien Bonds; (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2003 A Bonds, if not fully funded upon issuance of the Series 2003 A Bonds, for deposit in the Series 2003 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2003 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2003 A Bonds Reserve Requirement; and (iii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2003 B Bonds, if not fully funded upon issuance of the Series 2003 B Bonds, for deposit in the Series 2003 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2003 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2003 B Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2003 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank (i) for deposit in the Depreciation Reserve, the amount required by the Prior Resolutions; and (ii) for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required to pay principal of the Second Lien Bonds, as required by the Prior Resolutions.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by the Prior Resolutions for deposit in the respective Reserve Accounts for the Second Lien Bonds.

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

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

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

As and when additional Bonds ranking on a parity with the Series 2003 Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the requirement thereof.

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

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2003 Bonds and the First Lien Bonds and senior and prior to the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

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

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

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

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2003 Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited. The Issuer shall also on the first day of each month (if the first day is not a business day, then the

first business day of each month) deposit with the Commission the SRF Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2003 A Bonds.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

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

A. From the proceeds of the Series 2003 A Bonds, there shall first be deposited with the Commission in the Series 2003 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2003 A Bonds for the period commencing on the date of issuance of the Series 2003 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2003 B Bonds, there shall first be deposited with the Commission in the Series 2003 B Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2003 B Bonds for the period commencing on the date of issuance of the Series 2003 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

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

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

E. Next, from the proceeds of the Series 2003 B Bonds, there shall be paid to the Holders of the Prior Notes the entire outstanding principal of, all accrued interest on and the administrative fee for the Prior Notes.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2003 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2003 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2003 A Bonds.

G. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2003 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2003 B Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2003 B Bonds.

H. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2003 A Bonds shall be applied as directed by the DEP and any remaining proceeds of the Series 2003 B Bonds shall be applied as directed by the Council.

Section 6.02. Disbursements From the Bond Construction Trust Fund. A. On or before the Closing Date, the Issuer shall have delivered to the DEP and the Authority a report listing the specific purposes for which the proceeds of the Series 2003 A Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments of all Costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2003 A Bonds Construction Trust Fund shall be made only after submission to and approval from the DEP, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 2003 A Bonds, in compliance with the construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2003 B Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer and the Consulting Engineers, stating that:

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

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

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

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

The Issuer shall expend all proceeds of the Series 2003 B Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

Pending such application, monies in the respective Bond Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

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

Section 7.02. Bonds not to be Indebtedness of the Issuer. The payment of the debt service of the Series 2003 A Bonds and the Series 2003 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2003 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payment of the debt service of the Series 2003 A Bonds and the Series 2003 B Bonds shall be secured forthwith equally and ratably with each other by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2003 Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges , with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Final Order of the Public Service Commission of West Virginia entered November 5, 2002, in Case No. 01-0163-PSD-CN, and such rates are hereby adopted.

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

Section 7.05. Sale of the System. So long as the Series 2003 Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the DEP, the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2003 Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the DEP, the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2003 Bonds. Any balance remaining after the payment of the Series 2003 Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, shall be in excess of $10,000 but not in excess of $50,000, the Issuer shall first, determine upon consultation with the Consulting Engineers that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize

such sale, lease or other disposition of such property in accordance with the laws of the State. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. The payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amount required to be paid into said fund by other provisions of this Bond Legislation. No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

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

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

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2003 Bonds pursuant to this Bond Legislation, without

the prior written consent of the Authority, the DEP and the Council and without complying with the conditions and requirements herein provided.

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

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

So long as the Series 1995 Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1995 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1995 Bonds are no longer outstanding, the following parity requirement shall be met:

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

(1) The Bonds then Outstanding;

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

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

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

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

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

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

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to

the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

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

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2003 Bonds, and shall submit said report to the DEP, the Council and the Authority, or any other original purchaser of the Series 2003 Bonds. Such audit report submitted to the DEP, the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

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

The Issuer shall provide the DEP with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in EXHIBIT E of the Loan Agreement for the Series 2003 A Bonds or as promulgated from time to time.

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

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

Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the DEP, the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

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

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

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

The Issuer shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the SRF Regulations, to it within 60 days of the completion of the Project. The Issuer shall notify the DEP in writing of such receipt. The Issuer shall submit a "Performance Certificate," a form of which is attached to the Loan Agreement for the Series 2003 A Bonds as Exhibit A, to the DEP within 60 days of the end of the first year after the Project is completed.

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

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

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

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

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

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

instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

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

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

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $1,981,165 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

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

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

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

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

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

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

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

a 30-day notice of the availability of the System, pay the rates and charges established therefor.

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

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

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

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2003 Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2003 Bonds during the term thereof is, under the terms of the Series 2003 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2003 Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2003 Bonds during the term thereof is, under the terms of the Series 2003 Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for said Private Business Use or in payments in respect of property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2003 Bonds used for a Private Business Use shall be used for a Private Business Use related to the governmental use of the Project, or if the Series 2003 Bonds are for the purpose of financing more than one project,

a portion of the Project, and shall not exceed the proceeds used for the governmental use of the portion of the Project to which such Private Business Use is related. All of the foregoing shall be determined in accordance with the Code.

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

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

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

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

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

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

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2003 Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

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

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

ARTICLE VIII

INVESTMENT OF FUNDS; NON ARBITRAGE

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

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

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

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2003 Bonds as a condition to issuance of the Series 2003 Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2003 Bonds as may be necessary in order to maintain the status of the Series 2003 Bonds as public purpose bonds; (ii) that it shall not

take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2003 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the DEP, as the case may be, from which the proceeds of the Series 2003 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, the Council or the DEP, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2003 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

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

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

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

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

(4) If default occurs with the Prior Bonds.

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

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after

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

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

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

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

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

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

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2003 Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2003 Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2003 Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

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

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

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

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

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution

and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

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

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

(b) The maximum interest rate and terms of the Series 2003 Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 18th day of June, 2003.

William L. Coffindaffer
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT on the 18th day of June, 2003.

Dated: June 26, 2003.

[SEAL]

Secretary

06/17/03
352650.00001

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3 and 4.

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds,
Series 2003 A (West Virginia SRF Program) and
Series 2003 B (West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM) AND SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND), OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Greater Harrison County Public Service District (the "Issuer") has duly and officially adopted a bond resolution on June18, 2003 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE REFUNDING OF THE OUTSTANDING SEWERAGE SYSTEM DESIGN NOTES, SERIES 2000 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE

ISSUANCE BY THE DISTRICT OF $1,981,165 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), AND $4,130,000 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) and Series 2003 B (West Virginia Infrastructure Fund), of the Issuer (collectively, the "Bonds" and individually, the "Series 2003 A Bonds" and the "Series 2003 B Bonds"), in the respective aggregate principal amounts not to exceed $1,981,165 and $4,130,000, and has authorized the execution and delivery of the bond purchase agreement relating to the Series 2003 A Bonds, by and among the Issuer, the West Virginia Water Development Authority (the "Authority") and the West Virginia Department of Environmental Protection (the "DEP") (the "Bond Purchase Agreement") and the loan agreement relating to the Series 2003 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement") (collectively, the Bond Purchase Agreement and the Loan Agreement are referred to as the "Loan Agreements"), all in accordance with Chapter 16, Article 13A, Chapter 22C, Article 2 and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreements and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreements have been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreements; and

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

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT:

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

A. Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,981,165. The Series 2003 A Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2043, and shall bear no interest. The principal of the Series 2003 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2005, and ending June 1, 2043, and in the amounts as set forth in the "Schedule Y" attached to the Bond Purchase Agreement and incorporated in and made a part of the Series 2003 A Bonds. The Series 2003 A Bonds shall be subject to redemption upon the written consent of the Authority and the DEP, and upon payment of the redemption premium, if any, and otherwise in compliance with the Bond Purchase Agreement, so long as the Authority shall be the registered owner of the Series 2003 A Bonds. The Issuer does hereby approve and shall pay the SRF Administrative Fee equal to 1/2% of the principal amount of the Series 2003 A Bonds set forth in the "Schedule Y" attached to the Bond Purchase Agreement.

B. Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $4,130,000. The Series 2003 B Bonds shall be dated the date of delivery thereof, shall finally mature June 1, 2043, and shall bear no interest. The principal of the Series 2003 B Bonds shall be payable quarterly, on March 1, July 1, September 1 and

December 1 of each year, commencing March 1, 2005, and ending June 1, 2043, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2003 B Bonds. The Series 2003 B Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2003 B Bonds.

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

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

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

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

Section 6. The Issuer does hereby appoint and designate Harrison County Bank, Lost Creek, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2003 A Bonds proceeds in the amount of -0- shall be deposited in the Series 2003 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2003 A Bonds proceeds in the amount of $52,136 shall be deposited in the Series 2003 A Bonds Reserve Account.

Section 9. Series 2003 A Bonds proceeds in the amount of $108,684 shall be deposited in the Series 2003 B Bonds Reserve Account.

Section 10. Series 2003 B Bonds proceeds in the amount of -0- shall be deposited in the Series 2003 B Bonds Sinking Fund, as capitalized interest.

Section 11. Series 2003 B Bonds proceeds in the amount of $206,000 shall be applied to pay in full the entire outstanding principal of, all accrued interest on and the administrative fee for the Prior Notes.

Section 12. The balance of the proceeds of the Series 2003 A Bonds and the Series 2003 B Bonds shall be deposited in or credited to the respective Bond Construction Trust Funds for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 13. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered on or about June 26, 2003, to the Authority pursuant to the Loan Agreements.

Section 14. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 15. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. This Supplemental Resolution shall be effective immediately following adoption hereof.

Adopted this 18th day of June, 2003.

GREATER HARRISON COUNTY PUBLIC
SERVICE DISTRICT

By: William L. Coffindaffer
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Greater Harrison County Public Service District on the 18th day of June, 2003.

Dated: June 26, 2003.

[SEAL]

Secretary

06/17/03
306370/98001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2003 A
(WEST VIRGINIA SRF PROGRAM)

No. AR-1 $1,981,165

KNOW ALL MEN BY THESE PRESENTS: That GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION NINE HUNDRED EIGHTY ONE THOUSAND ONE HUNDRED SIXTY FIVE DOLLARS ($1,981,165), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2005, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference. The SRF Administrative Fee (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2005, as set forth on said EXHIBIT B.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Department of Environmental Protection (the "DEP"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Bond Purchase Agreement by and among the Issuer, the Authority and the DEP, dated May 13, 2003.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); (ii) to fully fund the Series 2003 A Bonds Reserve Account and the Series 2003 B Bonds Reserve Account; and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions

thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 22C, Article 2 of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on June 18, 2003, and a Supplemental Resolution duly adopted by the Issuer on June 18, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1986 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $285,908 (THE "SERIES 1990 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 18, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $432,000 (THE "SERIES 1995 BONDS"); AND (4) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND), DATED JUNE 26, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,130,000 (COLLECTIVELY, THE "FIRST LIEN BONDS") AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS") AND SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,342 (THE "SERIES 1990 B BONDS") (COLLECTIVELY, THE "SECOND LIEN BONDS"). THE SERIES 1986 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 1995 BONDS, THE SERIES 1986 B BONDS AND THE SERIES 1990 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2003 B Bonds and the First Lien Bonds and senior and prior to the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2003 A Bonds Reserve Account and unexpended

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

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

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

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

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

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

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated June 26, 2003.

[SEAL]

Chairman

ATTEST:

Secretary

SPECIMEN

SPECIMEN

CH608085.1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 26, 2003.

THE HUNTINGTON NATIONAL BANK,
as Registrar

Authorized Officer

SPECIMEN

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 181,070	June 26, 2003	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

Greater Harrison County Public Service District

Loan of $1,981,165
40 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: June 26, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	-	-	-
3/01/2005	12,865.00	-	12,865.00
6/01/2005	12,865.00	-	12,865.00
9/01/2005	12,865.00	-	12,865.00
12/01/2005	12,865.00	-	12,865.00
3/01/2006	12,865.00	-	12,865.00
6/01/2006	12,865.00	-	12,865.00
9/01/2006	12,865.00	-	12,865.00
12/01/2006	12,865.00	-	12,865.00
3/01/2007	12,865.00	-	12,865.00
6/01/2007	12,865.00	-	12,865.00
9/01/2007	12,865.00	-	12,865.00
12/01/2007	12,865.00	-	12,865.00
3/01/2008	12,865.00	-	12,865.00
6/01/2008	12,865.00	-	12,865.00
9/01/2008	12,865.00	-	12,865.00
12/01/2008	12,865.00	-	12,865.00
3/01/2009	12,865.00	-	12,865.00
6/01/2009	12,865.00	-	12,865.00
9/01/2009	12,865.00	-	12,865.00
12/01/2009	12,865.00	-	12,865.00
3/01/2010	12,865.00	-	12,865.00
6/01/2010	12,865.00	-	12,865.00
9/01/2010	12,865.00	-	12,865.00
12/01/2010	12,865.00	-	12,865.00
3/01/2011	12,865.00	-	12,865.00
6/01/2011	12,865.00	-	12,865.00
9/01/2011	12,865.00	-	12,865.00
12/01/2011	12,865.00	-	12,865.00
3/01/2012	12,865.00	-	12,865.00
6/01/2012	12,865.00	-	12,865.00
9/01/2012	12,865.00	-	12,865.00
12/01/2012	12,865.00	-	12,865.00
3/01/2013	12,865.00	-	12,865.00
6/01/2013	12,865.00	-	12,865.00
9/01/2013	12,865.00	-	12,865.00
12/01/2013	12,865.00	-	12,865.00
3/01/2014	12,865.00	-	12,865.00
6/01/2014	12,865.00	-	12,865.00
9/01/2014	12,865.00	-	12,865.00
12/01/2014	12,865.00	-	12,865.00
3/01/2015	12,865.00	-	12,865.00

Greater Harrison County Public Service District

Loan of $1,981,165

40 Years, 0% Interest Rate, 0.5% Administrative Fee

Closing Date: June 26, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2015	12,865.00	-	12,865.00
9/01/2015	12,865.00	-	12,865.00
12/01/2015	12,865.00	-	12,865.00
3/01/2016	12,865.00	-	12,865.00
6/01/2016	12,865.00	-	12,865.00
9/01/2016	12,865.00	-	12,865.00
12/01/2016	12,865.00	-	12,865.00
3/01/2017	12,865.00	-	12,865.00
6/01/2017	12,865.00	-	12,865.00
9/01/2017	12,865.00	-	12,865.00
12/01/2017	12,865.00	-	12,865.00
3/01/2018	12,865.00	-	12,865.00
6/01/2018	12,865.00	-	12,865.00
9/01/2018	12,865.00	-	12,865.00
12/01/2018	12,865.00	-	12,865.00
3/01/2019	12,865.00	-	12,865.00
6/01/2019	12,865.00	-	12,865.00
9/01/2019	12,865.00	-	12,865.00
12/01/2019	12,865.00	-	12,865.00
3/01/2020	12,865.00	-	12,865.00
6/01/2020	12,865.00	-	12,865.00
9/01/2020	12,865.00	-	12,865.00
12/01/2020	12,865.00	-	12,865.00
3/01/2021	12,865.00	-	12,865.00
6/01/2021	12,865.00	-	12,865.00
9/01/2021	12,865.00	-	12,865.00
12/01/2021	12,865.00	-	12,865.00
3/01/2022	12,865.00	-	12,865.00
6/01/2022	12,865.00	-	12,865.00
9/01/2022	12,865.00	-	12,865.00
12/01/2022	12,865.00	-	12,865.00
3/01/2023	12,865.00	-	12,865.00
6/01/2023	12,865.00	-	12,865.00
9/01/2023	12,865.00	-	12,865.00
12/01/2023	12,865.00	-	12,865.00
3/01/2024	12,865.00	-	12,865.00
6/01/2024	12,865.00	-	12,865.00
9/01/2024	12,865.00	-	12,865.00
12/01/2024	12,865.00	-	12,865.00
3/01/2025	12,865.00	-	12,865.00
6/01/2025	12,865.00	-	12,865.00
9/01/2025	12,865.00	-	12,865.00
12/01/2025	12,865.00	-	12,865.00
3/01/2026	12,865.00	-	12,865.00
6/01/2026	12,865.00	-	12,865.00
9/01/2026	12,865.00	-	12,865.00
12/01/2026	12,865.00	-	12,865.00

Greater Harrison County Public Service District

Loan of $1,981,165
40 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: June 26, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2027	12,865.00	-	12,865.00
6/01/2027	12,865.00	-	12,865.00
9/01/2027	12,865.00	-	12,865.00
12/01/2027	12,865.00	-	12,865.00
3/01/2028	12,865.00	-	12,865.00
6/01/2028	12,865.00	-	12,865.00
9/01/2028	12,865.00	-	12,865.00
12/01/2028	12,865.00	-	12,865.00
3/01/2029	12,865.00	-	12,865.00
6/01/2029	12,865.00	-	12,865.00
9/01/2029	12,865.00	-	12,865.00
12/01/2029	12,865.00	-	12,865.00
3/01/2030	12,865.00	-	12,865.00
6/01/2030	12,865.00	-	12,865.00
9/01/2030	12,865.00	-	12,865.00
12/01/2030	12,865.00	-	12,865.00
3/01/2031	12,865.00	-	12,865.00
6/01/2031	12,865.00	-	12,865.00
9/01/2031	12,865.00	-	12,865.00
12/01/2031	12,865.00	-	12,865.00
3/01/2032	12,865.00	-	12,865.00
6/01/2032	12,864.00	-	12,864.00
9/01/2032	12,864.00	-	12,864.00
12/01/2032	12,864.00	-	12,864.00
3/01/2033	12,864.00	-	12,864.00
6/01/2033	12,864.00	-	12,864.00
9/01/2033	12,864.00	-	12,864.00
12/01/2033	12,864.00	-	12,864.00
3/01/2034	12,864.00	-	12,864.00
6/01/2034	12,864.00	-	12,864.00
9/01/2034	12,864.00	-	12,864.00
12/01/2034	12,864.00	-	12,864.00
3/01/2035	12,864.00	-	12,864.00
6/01/2035	12,864.00	-	12,864.00
9/01/2035	12,864.00	-	12,864.00
12/01/2035	12,864.00	-	12,864.00
3/01/2036	12,864.00	-	12,864.00
6/01/2036	12,864.00	-	12,864.00
9/01/2036	12,864.00	-	12,864.00
12/01/2036	12,864.00	-	12,864.00
3/01/2037	12,864.00	-	12,864.00
6/01/2037	12,864.00	-	12,864.00
9/01/2037	12,864.00	-	12,864.00
12/01/2037	12,864.00	-	12,864.00
3/01/2038	12,864.00	-	12,864.00
6/01/2038	12,864.00	-	12,864.00
9/01/2038	12,864.00	-	12,864.00

Greater Harrison County Public Service District

Loan of $1,981,165
40 Years, 0% Interest Rate, 0.5% Administrative Fee
Closing Date: June 26, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2038	12,864.00	-	12,864.00
3/01/2039	12,864.00	-	12,864.00
6/01/2039	12,864.00	-	12,864.00
9/01/2039	12,864.00	-	12,864.00
12/01/2039	12,864.00	-	12,864.00
3/01/2040	12,864.00	-	12,864.00
6/01/2040	12,864.00	-	12,864.00
9/01/2040	12,864.00	-	12,864.00
12/01/2040	12,864.00	-	12,864.00
3/01/2041	12,864.00	-	12,864.00
6/01/2041	12,864.00	-	12,864.00
9/01/2041	12,864.00	-	12,864.00
12/01/2041	12,864.00	-	12,864.00
3/01/2042	12,864.00	-	12,864.00
6/01/2042	12,864.00	-	12,864.00
9/01/2042	12,864.00	-	12,864.00
12/01/2042	12,864.00	-	12,864.00
3/01/2043	12,864.00	-	12,864.00
6/01/2043	12,864.00	-	12,864.00
Total	**1,981,165.00**	-	**1,981,165.00 ***

*Plus $1,246.25 one-half percent administrative fee paid quarterly. Total fee paid over life of loan is $191,922.50.

YIELD STATISTICS

Bond Year Dollars	$41,268.15
Average Life	20.830 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.68E-10
Bond Yield for Arbitrage Purposes	1.68E-10
All Inclusive Cost (AIC)	0.4632591%

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.830 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BOND, SERIES 2003 B
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. BR-1 $4,130,000

KNOW ALL MEN BY THESE PRESENTS: That GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of FOUR MILLION ONE HUNDRED THIRTY THOUSAND DOLLARS ($4,130,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2005, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated June 26, 2003.

This Bond is issued (i) to pay in full the entire outstanding principal of, all interest accrued on, if any, and the administrative fee for the Issuer's Sewerage System Design Notes, Series 2000 A (West Virginia Infrastructure Fund); (ii) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (iii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16,

SPECIMEN

Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on June 18, 2003, and a Supplemental Resolution duly adopted by the Issuer on June 18, 2003 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1986 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $285,908 (THE "SERIES 1990 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 18, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $432,000 (THE "SERIES 1995 BONDS"); AND (4) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 26, 2003, ISSUED CONCURRENTLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,130,000 (COLLECTIVELY, THE "FIRST LIEN BONDS"); AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS") AND SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,342 (THE "SERIES 1990 B BONDS") (COLLECTIVELY, THE "SECOND LIEN BONDS"). THE SERIES 1986 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 1995 BONDS, THE SERIES 1986 B BONDS AND THE SERIES 1990 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2003 A Bonds and the First Lien Bonds and senior and prior to the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2003 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2003 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered

SPECIMEN

thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2003 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2003 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2003 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated June 26, 2008.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CH608086.1

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2003 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: June 26, 2003.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$807,957	June 26, 2003	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

Greater Harrison County Public Service District

Loan of $4,130,000
40 Years, 0% Interest Rate
Closing Date: June 26, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
9/01/2003	-	-	-
12/01/2003	-	-	-
3/01/2004	-	-	-
6/01/2004	-	-	-
9/01/2004	-	-	-
12/01/2004	-	-	-
3/01/2005	26,818.19	-	26,818.19
6/01/2005	26,818.19	-	26,818.19
9/01/2005	26,818.19	-	26,818.19
12/01/2005	26,818.19	-	26,818.19
3/01/2006	26,818.19	-	26,818.19
6/01/2006	26,818.19	-	26,818.19
9/01/2006	26,818.19	-	26,818.19
12/01/2006	26,818.19	-	26,818.19
3/01/2007	26,818.19	-	26,818.19
6/01/2007	26,818.19	-	26,818.19
9/01/2007	26,818.19	-	26,818.19
12/01/2007	26,818.19	-	26,818.19
3/01/2008	26,818.19	-	26,818.19
6/01/2008	26,818.19	-	26,818.19
9/01/2008	26,818.19	-	26,818.19
12/01/2008	26,818.19	-	26,818.19
3/01/2009	26,818.19	-	26,818.19
6/01/2009	26,818.19	-	26,818.19
9/01/2009	26,818.19	-	26,818.19
12/01/2009	26,818.19	-	26,818.19
3/01/2010	26,818.19	-	26,818.19
6/01/2010	26,818.19	-	26,818.19
9/01/2010	26,818.19	-	26,818.19
12/01/2010	26,818.19	-	26,818.19
3/01/2011	26,818.19	-	26,818.19
6/01/2011	26,818.19	-	26,818.19
9/01/2011	26,818.19	-	26,818.19
12/01/2011	26,818.19	-	26,818.19
3/01/2012	26,818.18	-	26,818.18
6/01/2012	26,818.18	-	26,818.18
9/01/2012	26,818.18	-	26,818.18
12/01/2012	26,818.18	-	26,818.18
3/01/2013	26,818.18	-	26,818.18
6/01/2013	26,818.18	-	26,818.18
9/01/2013	26,818.18	-	26,818.18
12/01/2013	26,818.18	-	26,818.18
3/01/2014	26,818.18	-	26,818.18
6/01/2014	26,818.18	-	26,818.18
9/01/2014	26,818.18	-	26,818.18
12/01/2014	26,818.18	-	26,818.18
3/01/2015	26,818.18	-	26,818.18

Greater Harrison County Public Service District

Loan of $4,130,000
40 Years, 0% Interest Rate
Closing Date: June 26, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
6/01/2015	26,818.18	-	26,818.18
9/01/2015	26,818.18	-	26,818.18
12/01/2015	26,818.18	-	26,818.18
3/01/2016	26,818.18	-	26,818.18
6/01/2016	26,818.18	-	26,818.18
9/01/2016	26,818.18	-	26,818.18
12/01/2016	26,818.18	-	26,818.18
3/01/2017	26,818.18	-	26,818.18
6/01/2017	26,818.18	-	26,818.18
9/01/2017	26,818.18	-	26,818.18
12/01/2017	26,818.18	-	26,818.18
3/01/2018	26,818.18	-	26,818.18
6/01/2018	26,818.18	-	26,818.18
9/01/2018	26,818.18	-	26,818.18
12/01/2018	26,818.18	-	26,818.18
3/01/2019	26,818.18	-	26,818.18
6/01/2019	26,818.18	-	26,818.18
9/01/2019	26,818.18	-	26,818.18
12/01/2019	26,818.18	-	26,818.18
3/01/2020	26,818.18	-	26,818.18
6/01/2020	26,818.18	-	26,818.18
9/01/2020	26,818.18	-	26,818.18
12/01/2020	26,818.18	-	26,818.18
3/01/2021	26,818.18	-	26,818.18
6/01/2021	26,818.18	-	26,818.18
9/01/2021	26,818.18	-	26,818.18
12/01/2021	26,818.18	-	26,818.18
3/01/2022	26,818.18	-	26,818.18
6/01/2022	26,818.18	-	26,818.18
9/01/2022	26,818.18	-	26,818.18
12/01/2022	26,818.18	-	26,818.18
3/01/2023	26,818.18	-	26,818.18
6/01/2023	26,818.18	-	26,818.18
9/01/2023	26,818.18	-	26,818.18
12/01/2023	26,818.18	-	26,818.18
3/01/2024	26,818.18	-	26,818.18
6/01/2024	26,818.18	-	26,818.18
9/01/2024	26,818.18	-	26,818.18
12/01/2024	26,818.18	-	26,818.18
3/01/2025	26,818.18	-	26,818.18
6/01/2025	26,818.18	-	26,818.18
9/01/2025	26,818.18	-	26,818.18
12/01/2025	26,818.18	-	26,818.18
3/01/2026	26,818.18	-	26,818.18
6/01/2026	26,818.18	-	26,818.18
9/01/2026	26,818.18	-	26,818.18
12/01/2026	26,818.18	-	26,818.18

Greater Harrison County Public Service District

Loan of $4,130,000
40 Years, 0% Interest Rate
Closing Date: June 26, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
3/01/2027	26,818.18	-	26,818.18
6/01/2027	26,818.18	-	26,818.18
9/01/2027	26,818.18	-	26,818.18
12/01/2027	26,818.18	-	26,818.18
3/01/2028	26,818.18	-	26,818.18
6/01/2028	26,818.18	-	26,818.18
9/01/2028	26,818.18	-	26,818.18
12/01/2028	26,818.18	-	26,818.18
3/01/2029	26,818.18	-	26,818.18
6/01/2029	26,818.18	-	26,818.18
9/01/2029	26,818.18	-	26,818.18
12/01/2029	26,818.18	-	26,818.18
3/01/2030	26,818.18	-	26,818.18
6/01/2030	26,818.18	-	26,818.18
9/01/2030	26,818.18	-	26,818.18
12/01/2030	26,818.18	-	26,818.18
3/01/2031	26,818.18	-	26,818.18
6/01/2031	26,818.18	-	26,818.18
9/01/2031	26,818.18	-	26,818.18
12/01/2031	26,818.18	-	26,818.18
3/01/2032	26,818.18	-	26,818.18
6/01/2032	26,818.18	-	26,818.18
9/01/2032	26,818.18	-	26,818.18
12/01/2032	26,818.18	-	26,818.18
3/01/2033	26,818.18	-	26,818.18
6/01/2033	26,818.18	-	26,818.18
9/01/2033	26,818.18	-	26,818.18
12/01/2033	26,818.18	-	26,818.18
3/01/2034	26,818.18	-	26,818.18
6/01/2034	26,818.18	-	26,818.18
9/01/2034	26,818.18	-	26,818.18
12/01/2034	26,818.18	-	26,818.18
3/01/2035	26,818.18	-	26,818.18
6/01/2035	26,818.18	-	26,818.18
9/01/2035	26,818.18	-	26,818.18
12/01/2035	26,818.18	-	26,818.18
3/01/2036	26,818.18	-	26,818.18
6/01/2036	26,818.18	-	26,818.18
9/01/2036	26,818.18	-	26,818.18
12/01/2036	26,818.18	-	26,818.18
3/01/2037	26,818.18	-	26,818.18
6/01/2037	26,818.18	-	26,818.18
9/01/2037	26,818.18	-	26,818.18
12/01/2037	26,818.18	-	26,818.18
3/01/2038	26,818.18	-	26,818.18
6/01/2038	26,818.18	-	26,818.18
9/01/2038	26,818.18	-	26,818.18

Greater Harrison County Public Service District

Loan of $4,130,000
40 Years, 0% Interest Rate
Closing Date: June 26, 2003

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
12/01/2038	26,818.18	-	26,818.18
3/01/2039	26,818.18	-	26,818.18
6/01/2039	26,818.18	-	26,818.18
9/01/2039	26,818.18	-	26,818.18
12/01/2039	26,818.18	-	26,818.18
3/01/2040	26,818.18	-	26,818.18
6/01/2040	26,818.18	-	26,818.18
9/01/2040	26,818.18	-	26,818.18
12/01/2040	26,818.18	-	26,818.18
3/01/2041	26,818.18	-	26,818.18
6/01/2041	26,818.18	-	26,818.18
9/01/2041	26,818.18	-	26,818.18
12/01/2041	26,818.18	-	26,818.18
3/01/2042	26,818.18	-	26,818.18
6/01/2042	26,818.18	-	26,818.18
9/01/2042	26,818.18	-	26,818.18
12/01/2042	26,818.18	-	26,818.18
3/01/2043	26,818.18	-	26,818.18
6/01/2043	26,818.18	-	26,818.18
Total	**4,130,000.00**	-	**4,130,000.00**

YIELD STATISTICS

Bond Year Dollars	$85,926.94
Average Life	20.806 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.49E-10
Bond Yield for Arbitrage Purposes	1.49E-10
All Inclusive Cost (AIC)	1.49E-10

IRS FORM 8038

Net Interest Cost	-
Weighted Average Maturity	20.806 Years

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

06/23/03
352650.00001

CH608086.1

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

BOND RESOLUTION

Table of Contents

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01	Authority for this Resolution
Section 1.02	Findings
Section 1.03	Bond Legislation Constitutes Contract
Section 1.04	Definitions

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01	Authorization of Acquisition and Construction of the Project

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

Section 3.01	Authorization of Bonds
Section 3.02	Terms of Bonds
Section 3.03	Execution of Bonds
Section 3.04	Authentication and Registration
Section 3.05	Negotiability, Transfer and Registration
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost
Section 3.07	Bonds not to be Indebtedness of the Issuer
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds
Section 3.09	Delivery of Bonds
Section 3.10	Form of Bonds
	FORM OF SERIES 2008 A BOND
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement
Section 3.12	"Amended Schedule" Filing

ARTICLE IV
[RESERVED]

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank
Section 5.02	Establishment of Funds and Accounts with Commission
Section 5.03	System Revenues; Flow of Funds

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds
Section 6.02	Disbursements From the Bond Construction Trust Fund

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer
Section 7.02	Bonds not to be Indebtedness of the Issuer
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds
Section 7.04	Initial Schedule of Rates and Charges
Section 7.05	Sale of the System
Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances
Section 7.07	Parity Bonds
Section 7.08	Books; Records and Audit
Section 7.09	Rates
Section 7.10	Operating Budget and Monthly Financial Report
Section 7.11	Engineering Services and Operating Personnel
Section 7.12	No Competing Franchise
Section 7.13	Enforcement of Collections
Section 7.14	No Free Services
Section 7.15	Insurance and Construction Bonds
Section 7.16	Mandatory Connections
Section 7.17	Completion and Operation of Project; Permits and Orders
Section 7.18	Reserved
Section 7.19	Statutory Mortgage Lien
Section 7.20	Compliance with Loan Agreement and Law
Section 7.21	Securities Laws Compliance
Section 7.22	Contracts; Public Releases

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01	Investments
Section 8.02	Certificate as to use of Proceeds; Covenants as to Use of Proceeds

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default
Section 9.02	Remedies
Section 9.03	Appointment of Receiver

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation
Section 11.02	Bond Legislation Constitutes Contract
Section 11.03	Severability of Invalid Provisions
Section 11.04	Headings, Etc.
Section 11.05	Conflicting Provisions Repealed
Section 11.06	Covenant of Due Procedure, Etc.
Section 11.07	Public Notice of Proposed Financing
Section 11.08	Effective Date
	SIGNATURES
	CERTIFICATION
	EXHIBIT A

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $943,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING A LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT:

ARTICLE I

STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

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

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

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

B. The Issuer presently owns and operates a public sewerage system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed improvements and extensions to the existing public sewerage system of the Issuer, consisting of the construction of additions and improvements to the sanitary sewer system in the area along Route 76, together with all

appurtenant facilities (collectively, the "Project"), which constitute properties for the collection, treatment, purification or disposal of liquid or solid wastes, sewage or industrial wastes (the existing public sewer facilities of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Sewer Revenue Bonds in a single series being the Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), in the aggregate principal amount of $943,500 (the "Series 2008 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. The remaining costs of the Project shall be funded from the sources set forth in Section 2.01 hereof. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2008 A Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 A Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the acquisition or construction of the Project and the placing of same in operation, and the performance of the things herein required or permitted, in connection with any thereof; provided, that reimbursement to the Issuer for any amounts expended by it for allowable costs prior to the issuance of the Series 2008 A Bonds or the repayment of indebtedness incurred by the Issuer for such purposes shall be deemed Costs of the Project, as hereinafter defined.

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

F. It is in the best interests of the Issuer that its Series 2008 A Bonds be sold to the Authority pursuant to the terms and provisions a loan agreement by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), in form satisfactory to the respective parties (the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding obligations of the Issuer (those issued under Greater Harrison County Public Service District, those issued under its prior name, Grant-Union Public Service District and those assumed from merging with Mount Clare Road Public Service District, hereinafter collectively, the "Prior Bonds") which are designated and have the lien positions with respect to the Net Revenues of the merged sewerage system of the Issuer as follows:

Designation	Lien Position
(1) Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771 (the "Series 1986 A Bonds").	First Lien
(2) Grant-Union Public Service District Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908 (the "Series 1990 A Bonds").	First Lien
(3) Mount Clare Road Public Service District Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated April 18, 1995, issued in the original aggregate principal amount of $432,000 (the "Series 1995 Bonds").	First Lien
(4) Grant-Union Public Service District Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387 (the "Series 1986 B Bonds").	Second Lien
(5) Grant-Union Public Service District Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $13,342 (the "Series 1990 B Bonds").	Second Lien
(6) Greater Harrison County Public Service District, Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program) dated June 26, 2003, issued in the original aggregate principal amount of $1,981,165 (the "Series 2003 A Bonds").	First Lien
(7) Greater Harrison County Public Service District, Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund) dated June 26, 2003, issued in the original aggregate principal amount of $4,130,000 (the "Series 2003 B Bonds).	First Lien

The Series 1986 A Bonds, the Series 1990 A Bonds, the Series 1995 Bonds, the Series 2003 A Bonds and the Series 2003 B Bonds are hereinafter collectively called the "First Lien Bonds." The Series 1986 B Bonds and the Series 1990 B Bonds are hereinafter called the "Second Lien Bonds." The First Lien Bonds are secured by a first lien on and a pledge of the Net Revenues of the System, on a parity with each other, which lien and pledge are senior and prior to the lien on the Net Revenues of the System of the Second Lien Bonds. The First Lien

Bonds and Second Lien Bonds are sometimes hereinafter collectively referred to as the "Prior Bonds."

The Series 2008 A Bonds shall be issued on a parity with the First Lien Bonds with respect to liens, pledge and source of and security for payment and in all respects. Prior to the issuance of the Series 2008 A Bonds, the Issuer will obtain (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the First Lien Bonds are met, (ii) the written consent of the Holders of the First Lien Bonds to the issuance of the Series 2008 A Bonds on a parity with the First Lien Bonds, and (iii) the written consent of the Holders of the Second Lien Bonds to the issuance of the Series 2008 A Bonds senior and prior to the Second Lien Bonds. Other than the Prior Bonds, there are no outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year following completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System and the principal of and interest, if any, on the Series 2008 A Bonds and the Prior Bonds, and to make payments into all funds and accounts and other payments provided for herein.

I. The Issuer has complied with all requirements of West Virginia law and the Loan Agreement relating to authorization of the acquisition, construction and operation of the Project and the System, and issuance of the Series 2008 A Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2008 A Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and determined to be technically and financially feasible by the Council as required under Chapter 31, Article 15A of the West Virginia Code of 1931, as amended.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2008 A Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2008 A Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2008 A Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the Council under the Act.

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

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

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

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

"Bonds" means, the Series 2008 A Bonds, the Prior Bonds and any bonds on a parity therewith subsequently authorized to be issued hereunder or by another resolution of the Issuer.

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

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

"Closing Date" means the date upon which there is an exchange of the Series 2008 A Bonds for all or a portion of the proceeds of the Series 2008 A Bonds from the Authority.

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

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

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

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

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

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

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

"First Lien Bonds" means, collectively, the Series 1986 A Bonds, the Series 1990 A Bonds, the Series 1995 Bonds, the Series 2003 A Bonds and the Series 2003 B Bonds.

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

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

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

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

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

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

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

"Issuer" means Greater Harrison County Public Service District, formerly Grant-Union Public Service District, a public service district, public corporation and political

subdivision of the State of West Virginia in Harrison County, West Virginia, and, unless the context clearly indicates otherwise, includes the Governing Body of the Issuer.

"Loan Agreement" means the Loan Agreement heretofore entered, or to be entered into by and between the Issuer and the Authority, on behalf of the Council, providing for the purchase of the Series 2008 A Bonds from the Issuer by the Authority, the forms of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Reserve Accounts. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2008 A Bonds, without regard to whether or not such investment is made in tax-exempt obligations.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the costs, fees and expenses of the Authority, fiscal agents, the Depository Bank, the Registrar and the Paying Agent (all as herein defined), other than those capitalized as part of the costs, payments to pension or retirement funds, taxes and such other reasonable operating costs and expenses as should normally and regularly be included under generally accepted accounting principles; provided, that "Operating Expenses" does not include payments on account of the principal of or redemption premium, if any, or interest on the Bonds, charges for depreciation, losses from the sale or other disposition of, or from any decrease in the value of, capital assets, amortization of debt discount or such miscellaneous deductions as are applicable to prior accounting periods.

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

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

"Paying Agent" means the Commission or other entity designated as such for the Series 2008 A Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the First Lien Bonds and the Second Lien Bonds.

"Prior Resolutions" means, collectively, the Resolutions authorizing the Prior Bonds.

"Project" means the Project as described in Section 1.02B hereof.

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

(a) Government Obligations;

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

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

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

(e) Time accounts (including accounts evidenced by time certificates of deposit, time deposits or other similar banking arrangements) which, to the extent not insured by the FDIC or Federal Savings and Loan Insurance Corporation, shall be secured by a pledge of Government Obligations, provided, that said Government Obligations pledged either must mature as nearly as practicable coincident with the maturity of said time accounts or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said time accounts;

(f) Money market funds or similar funds whose only assets are investments of the type described in paragraphs (a) through (e) above;

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York, provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase

agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor; must have (or its agent must have) possession of such collateral; and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Investment Management Board pursuant to Chapter 12, Article 6C of the West Virginia Code of 1931, as amended; and

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

"Registrar" means the Bond Registrar.

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

"Renewal and Replacement Fund" means the Renewal and Replacement Fund continued by the Section 5.01 hereof.

"Reserve Accounts" means, collectively, the respective reserve accounts established for the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in the Reserve Accounts of the Series 2008 A Bonds and the Prior Bonds.

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

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

"Series 1986 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 A (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $1,758,771, under its prior name Grant-Union Public Service District.

"Series 1986 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1986 B (West Virginia Water Development Authority), dated November 6, 1986, issued in the original aggregate principal amount of $431,387, under its prior name Grant-Union Public Service District.

"Series 1990 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 A (West Virginia Water Development Authority), dated April 6, 1990, issued in the original aggregate principal amount of $285,908, under its prior name Grant-Union Public Service District.

"Series 1990 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 1990 B (West Virginia Water Development Authority), dated April 6, 1990, issued in the original

aggregate principal amount of $13,342, under its prior name Grant-Union Public Service District.

"Series 1995 Bonds" means the Issuer's Sewer Revenue Bonds, Series 1995 (United States Department of Agriculture), dated April 18, 1995, issued in the original aggregate principal amount of $432,000, assumed as a result of a merger with Mount Clare Road Public Service District.

"Series 2003 A Bonds" means the Issuer's Sewer Revenue Bonds, Series 2003 A (West Virginia SRF Program), dated June 26, 2003, issued in the original aggregate principal amount of $1,981,165.

"Series 2003 B Bonds" means the Issuer's Sewer Revenue Bonds, Series 2003 B (West Virginia Infrastructure Fund), dated June 26, 2003, issued in the original aggregate principal amount of $4,130,000.

"Series 2008 Bonds" means the Series 2008 A Bonds.

"Series 2008 A Bonds" means the Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, authorized by this Resolution.

"Series 2008 A Bonds Construction Trust Fund" means the Series 2008 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2008 A Bonds Reserve Account" means the Series 2008 A Bonds Reserve Account established in the Series 2008 A Bonds Sinking Fund pursuant to Section 5.02 hereof.

"Series 2008 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest, if any, which will become due on the Series 2008 A Bonds in the then current or any succeeding year.

"Series 2008 A Bonds Sinking Fund" means the Series 2008 A Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2008 Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2008 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2008 A Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Bonds, the Prior

Bonds or any other obligations of the Issuer, including, without limitation, the Renewal and Replacement Fund, the Sinking Funds and the Reserve Accounts.

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

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

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $1,020,335, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds hereby authorized shall be applied as provided in Article VI hereof. The Issuer has received bids and will enter into contracts for the acquisition and construction of the Project, in an amount and otherwise compatible with the financing plan submitted to the Authority and the Council.

The cost of the Project is estimated to be $1,020,335, of which approximately $943,500 will be obtained from proceeds of the Series 2008 A Bonds, and approximately $92,335 will be obtained from a grant from the West Virginia Infrastructure Fund.

ARTICLE III

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

Section 3.01. Authorization of Bonds. For the purposes of capitalizing interest on the Series 2008 A Bonds, funding the Reserve Account for the Series 2008 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2008 A Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued negotiable Series 2008 A Bonds of the Issuer. The Series 2008 A Bonds shall be issued in as a single bond, designated as "Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)," in the principal amount of $943,500, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after funding of the Reserve Accounts (if funded from Bond proceeds) and capitalizing interest on the Series 2008 A Bonds, if any, shall be deposited in or credited to the Bond Construction Trust Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2008 A Bonds shall be issued in such principal amount; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2008 A Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest on the Series 2008 A Bonds, if any, shall be paid by check or draft of the Paying Agent mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2008 A Bonds shall be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2008 A Bonds. The Series 2008 A Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2008 A Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the

officers who shall have signed or sealed the Series 2008 A Bonds shall cease to be such officer of the Issuer before the Series 2008 A Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Series 2008 A Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. The Bond Registrar for the Series 2008 A Bonds shall be the bank or other entity to be designated as such in the Supplemental Resolution and its successors and assigns. No Series 2008 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the forms set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2008 A Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2008 A Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2008 A Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2008 A Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Bonds.

The registered Series 2008 A Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging Series 2008 A Bonds or transferring the registered Series 2008 A Bonds are exercised, all Series 2008 A Bonds shall be delivered in accordance with the provisions of this Bond Legislation. All Series 2008 A Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Bond Registrar. For every such exchange or transfer of Series 2008 A Bonds, the Bond Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer and the cost of preparing each new

Bond upon each exchange or transfer, and any other expenses of the Bond Registrar incurred in connection therewith, which sum or sums shall be paid by the Issuer. The Bond Registrar shall not be obliged to make any such exchange or transfer of Bonds during the period commencing on the 15th day of the month next preceding an interest payment date on the Series 2008 A Bonds or, in the case of any proposed redemption of Series 2008 A Bonds, next preceding the date of the selection of Bonds to be redeemed, and ending on such interest payment date or redemption date.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Series 2008 A Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be cancelled by the Bond Registrar and held for the account of the Issuer. If any such Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Section 3.07. Bonds not to be Indebtedness of the Issuer. The Series 2008 A Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2008 A Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Prior Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2008 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2008 A Bonds to the original purchasers upon receipt of the documents set forth below:

A. If other than the Authority, a list of the names in which the Series 2008 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

B. A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2008 A Bonds to the original purchasers;

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

D. An executed copy of the Loan Agreement; and

E. The unqualified approving opinion of bond counsel on the Series 2008 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2008 A Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2008 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: This ____ day of _____, 2008, that GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, _____, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on _____, 2008, and a Supplemental Resolution duly adopted by the Issuer on _____, 2008 (collectively, the "Bond

Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1986 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $285,908 (THE "SERIES 1990 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 18, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $432,000 (THE "SERIES 1995 BONDS"); (4) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 26, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,981,165 AND (5) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND) DATED JUNE 26, 2003 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,130,000 (COLLECTIVELY, THE "FIRST LIEN BONDS"); AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS") AND SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,342 (THE "SERIES 1990 B BONDS") (COLLECTIVELY, THE "SECOND LIEN BONDS"). THE SERIES 1986 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 1995 BONDS, THE SERIES 2003 A BONDS, THE SERIES 2003 B BONDS, THE SERIES 1986 B BONDS AND THE SERIES 1990 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2008 A Bonds and the First Lien Bonds and senior and prior to the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the

maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2008 A Bonds and the Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2008 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

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

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

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

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, 20____.

_____

In the presence of:

_____

Section 3.11.Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2008 A Bonds shall be sold to the Authority, pursuant to the terms and conditions of the Loan Agreement. If not so authorized by previous resolution, the Chairman is specifically authorized and directed to execute the Loan Agreement in the form attached hereto as "EXHIBIT A" and made a part hereof, and the Secretary is directed to affix the seal of the Issuer, attest the same and deliver the Loan Agreement to the Authority, and any such prior execution and delivery is hereby authorized, approved, ratified and confirmed. The Loan Agreement, including all schedules and exhibits attached thereto, are hereby approved and incorporated into this Bond Legislation.

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

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Reserve Fund for the Series 1995 Bonds (established by Prior Resolution);

(4) Depreciation Reserve (established by the Prior Resolutions); and

(5) Series 2008 A Bonds Construction Trust Fund.

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

(1) Series 1986 A Bonds Sinking Fund (established by Prior Resolution);

(2) Series 1986 A Bonds Reserve Account (established by Prior Resolution);

(3) Series 1986 B Bonds Sinking Fund (established by Prior Resolution);

(4) Series 1986 B Bonds Reserve Account (established by Prior Resolution);

(5) Series 1990 A Bonds Sinking Fund (established by Prior Resolution);

(6) Series 1990 A Bonds Reserve Account (established by Prior Resolution);

(7) Series 1990 B Bonds Sinking Fund (established by Prior Resolution);

(8) Series 1990 B Bonds Reserve Account (established by Prior Resolution);

(9) Series 2003 A Bonds Sinking Fund (established by Prior Resolution);

(10) Series 2003 A Bonds Reserve Account (established by Prior Resolution);

(11) Series 2003 B Bonds Sinking Fund (established by Prior Resolution);

(12) Series 2003 B Bonds Reserve Account (established by Prior Resolution);

(13) Series 2008 A Bonds Sinking Fund; and

(14) Series 2008 A Bonds Reserve Account.

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

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

(2) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission and the National Finance Office, as appropriate, the amounts required to pay interest on the First Lien Bonds, as required by the Prior Resolutions.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Commission and the National Finance Office, as appropriate, the amounts required to pay principal of the First Lien Bonds, as required by the Prior Resolutions; and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2008 A Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2008 A Bonds Sinking Fund and the next quarterly principal payment date is less than 3 months, then such monthly payments shall be increased proportionately to provide, 1 month prior to the next quarterly principal payment date, the required amount of principal coming due on such date.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and (i) remit to the Commission and the Depository Bank, as appropriate, the amounts required by the Prior Resolutions for deposit in the respective Reserve Accounts for the First Lien Bonds and (ii) remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2008 A Bonds, if not fully funded upon issuance of the Series 2008 A Bonds, for deposit in the Series 2008 A Bonds

Reserve Account, an amount equal to 1/120th of the Series 2008 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2008 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2008 A Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank (i) for deposit in the Depreciation Reserve, the amount required by the Prior Resolutions; and (ii) for deposit in the Renewal and Replacement Fund, a sum equal to 2 1/2% of the Gross Revenues each month (as previously set forth in the Prior Resolutions and not in addition thereto), exclusive of any payments for account of any Reserve Account. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, emergency repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Account (except to the extent such deficiency exists because the required payments into such account have not, as of the date of determination of a deficiency, funded such account to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

(6) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required to pay principal of the Second Lien Bonds, as required by the Prior Resolutions.

(7) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Commission the amounts required by the Prior Resolutions for deposit in the respective Reserve Accounts for the Second Lien Bonds.

Monies in the Series 2008 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2008 A Bonds as the same shall become due. Monies in the Series 2008 A Bonds Reserve Account shall be used only for the purpose of paying principal of and interest, if any, on the Series 2008 A Bonds as the same shall come due, when other monies in the Series 2008 A Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account, shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Bond Construction Trust Fund, and following completion of construction of the Project, shall be deposited in the Revenue Fund and applied in full,

first to the next ensuing interest payment, if any, due on the Series 2008 A Bond and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2008 A Bonds Reserve Account which result in a reduction in the balance therein to below the Reserve Requirement shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2008 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the appropriate reserve account in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2008 A Bonds Sinking Fund or the Series 2008 A Bonds Reserve Account, when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2008 A Bonds issued pursuant to this Bond Legislation then Outstanding and all interest, if any, to accrue until the maturity thereof.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2008 A Bonds and the First Lien Bonds and senior and prior to the Second Lien Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account, created hereunder, and all amounts required for said accounts shall be remitted to the Commission from the Revenue Fund by the Issuer at the times provided herein. If required by the Authority at anytime, the Issuer shall make the necessary arrangements whereby required payments into said accounts shall be automatically debited from the Revenue Fund and electronically transferred to the Commission on the dates required hereunder.

Monies in the Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account, shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2008 A Bonds Sinking Fund and the Series 2008 A Bonds Reserve Account, shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2008 A Bonds under the conditions and restrictions set forth herein.

B. The Issuer shall on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the required principal, interest and reserve account payments with respect to the Series 2008 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. All remittances made by the Issuer to the Commission shall clearly identify the fund or account into which each amount is to be deposited.

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

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

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

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

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

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

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2008 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2008 A Bonds, there shall first be deposited with the Commission in the Series 2008 A Bonds Sinking Fund, the amount, if any, set forth in the Supplemental Resolution as capitalized interest; provided, that such amount may not exceed the amount necessary to pay interest on the Series 2008 A Bonds for the period commencing on the date of issuance of the Series 2008 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. Next, from the proceeds of the Series 2008 A Bonds, there shall be deposited with the Commission in the Series 2008 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2008 A Bonds Reserve Account.

C. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2008 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2008 A Bonds Construction Trust Fund and applied solely to payment of costs of the Project in the manner set forth in Section 6.02 and until so expended, are hereby pledged as additional security for the Series 2008 A Bonds.

D. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2008 A Bonds shall be applied as directed by the Council.

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

Except as provided in Section 6.01 hereof, disbursements from the Series 2008 A Bonds Construction Trust Fund shall be made only after submission to and approval from the Council, of a certificate, signed by an Authorized Officer stating that:

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

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

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

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

The Issuer shall expend all proceeds of the Series 2008 A Bonds within 3 years of the date of issuance of the Council's bonds, the proceeds of which were used to make the loan to the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2008 A Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2008 A Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer: The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Positions with Respect to Bonds. The payment of the debt service of the Series 2008 A Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System on a parity with the lien on such Net Revenues in favor of the Holders of the First Lien Bonds, which lien and pledge are senior and prior to the lien on the Net Revenues in favor of the Holders of the Second Lien Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2008 A Bonds and the Prior Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and the Issuer shall supply a certificate of certified public accountant to such effect. The initial schedule of rates and charges for the services and facilities of the System shall be as set forth and approved and described in the Recommended Decision of the Public Service Commission of West Virginia entered August 19, 2008, in Case No. 08-0077-PSD-PC-CN, and such rates are hereby adopted.

So long as the Series 2008 A Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2008 A

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

Section 7.05. Sale of the System. So long as the Series 2008 A Bonds and the Prior Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to fully pay all the Bonds Outstanding in accordance with Article X hereof. The proceeds from any such sale, mortgage, lease or other disposition of the System shall, with respect to the Series 2008 A Bonds, immediately be remitted to the Commission for deposit in the Sinking Funds, and, with the written permission of the Authority and the Council, or in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 2008 A Bonds. Any balance remaining after the payment of the Series 2008 A Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

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

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2008 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2008 A Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2008 A Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2008 A Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2008 A Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

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

Section 7.07. Parity Bonds. So long as the Prior Bonds are outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolution shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2008 A Bonds pursuant to this Bond Legislation, without the prior written consent of the Authority and the Council and without complying with the conditions and requirements herein provided.

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2008 A Bonds.

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

So long as the Series 1995 Bonds are Outstanding, no Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues for the Fiscal Year following the year in which such Parity Bonds are to be issued shall be at least 120% of the average annual debt service requirements on the following:

(1) The Bonds Outstanding;

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

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

The foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1995 Bonds, representing 75% of the then-outstanding principal indebtedness. In the event the foregoing limitation is waived or when the Series 1995 Bonds are no longer outstanding, the following parity requirement shall be met:

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

(1) The Bonds then Outstanding;

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

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

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

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

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

on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on the revenues of the System is subject to the prior and superior liens of the Series 2008 A Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2008 A Bonds.

No Parity Bonds shall be issued at any time, however, unless all of the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of the Parity Bonds, and the Issuer then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

Section 7.08.Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all books, documents, papers and records relating to the Project and the System at all reasonable times for the purpose of audit and examination. The Issuer shall submit to the Authority and the Council such documents and information as they may reasonably require in connection with the acquisition, construction and installation of the Project, the operation and maintenance of the System and the administration of the loan or any grants or other sources of financing for the Project.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to inspect all records pertaining to the operation and maintenance of the System at all reasonable times following completion of construction of the Project and commencement of operation thereof, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and any Holder of a Bond or Bonds issued pursuant to this Bond Legislation shall have the right at all reasonable times to inspect the System and all parts thereof and all records, accounts and data of the Issuer relating thereto.

The accounting system for the System shall follow current generally accepted accounting principles and safeguards to the extent allowed and as prescribed by the Public Service Commission of West Virginia. Separate control accounting records shall be maintained by the Issuer. Subsidiary records as may be required shall be kept in the manner and on the forms, books and other bookkeeping records as prescribed by the Governing Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council and the Authority, or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 A Bonds, requesting the same, an annual report containing the following:

(A) A statement of Gross Revenues, Operating Expenses, Net Revenues and Surplus Revenues derived from and relating to the System.

(B) A balance sheet statement showing all deposits in all the funds and accounts provided for in this Bond Legislation, and the status of all said funds and accounts.

(C) The amount of any Bonds, notes or other obligations outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (and to the extent legally required, in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto), and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2008 A Bonds, and shall submit said report to the Council and the Authority, or any other original purchaser of the Series 2008 A Bonds. Such audit report submitted to the Authority and the Council shall include a statement that the Issuer is in compliance with the terms and provisions of the Act, the Loan Agreement and this Bond Legislation and that the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

Subject to the terms, conditions and provisions of the Loan Agreement and the Act, the Issuer has acquired, or shall do all things necessary to acquire, the proposed site of the Project and shall do, is doing or has done all things necessary to construct the Project in accordance with the plans, specifications and designs prepared by the Consulting Engineers. All real estate and interests in real estate and all personal property constituting the Project and the Project site heretofore or hereafter acquired shall at all times be and remain the property of the Issuer.

The Issuer shall permit the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction of the Project, the Issuer shall also provide the Authority and the Council, or their agents and representatives, with access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and the Council with respect to the System pursuant to the Act.

Section 7.09.Rates. Prior to the issuance of the Series 2008 A Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will

be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2008 A Bonds, including the Prior Bonds; provided that, in the event that amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2008 A Bonds Reserve Account and the reserve accounts for obligations on a parity with or junior to the Series 2008 A Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2008 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Series 2008 A Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority and the Council within 30 days of adoption thereof. No expenditures for the operation and maintenance of the System shall be made in any Fiscal Year in excess of the amounts provided therefor in such budget without a written finding and recommendation by a professional engineer, which finding and recommendation shall state in detail the purpose of and necessity for such increased expenditures for the operation and maintenance of the System, and no such increased expenditures shall be made until the Issuer shall have approved such finding and recommendation by a resolution duly adopted. No increased expenditures in excess of 10% of the amount of such budget shall be made except upon the further certificate of a professional engineer that such increased expenditures are necessary for the continued operation of the System. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the Council and to any Holder of any Bonds, within 30 days of adoption thereof, and shall make available such budgets and all resolutions authorizing increased expenditures for operation and maintenance of the System at all reasonable times to the Authority and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the Loan Agreement, and forward a copy of such report to the Authority and the Council by the 10th day of each month.

Section 7.11. Engineering Services and Operating Personnel. The Issuer will obtain a certificate of the Consulting Engineers in the form attached to the Loan Agreement, stating, among other things, that the Project has been or will be constructed in accordance with the approved plans, specifications and designs as submitted to the Authority and the Council,

the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the Council is sufficient to pay the costs of acquisition and construction of the Project, and all permits required by federal and state laws for construction of the Project have been obtained.

The Issuer shall provide and maintain competent and adequate engineering services satisfactory to the Authority and the Council covering the supervision and inspection of the development and construction of the Project, and bearing the responsibility of assuring that construction conforms to the plans, specifications and designs prepared by the Consulting Engineers, which have been approved by all necessary governmental bodies. Such engineer shall certify to the Authority, the Council and the Issuer at the completion of construction that construction of the Project is in accordance with the approved plans, specifications and designs, or amendments thereto, approved by all necessary governmental bodies.

The Issuer shall employ qualified operating personnel properly certified by the State to operate the System during the entire term of the Loan Agreement.

Section 7.12. No Competing Franchise. To the extent legally allowable, the Issuer will not grant or cause, consent to or allow the granting of, any franchise or permit to any person, firm, corporation, body, agency or instrumentality whatsoever for the providing of any services which would compete with services provided by the System.

Section 7.13. Enforcement of Collections. The Issuer will diligently enforce and collect all fees, rentals or other charges for the services and facilities of the System, and take all steps, actions and proceedings for the enforcement and collection of such fees, rentals or other charges which shall become delinquent to the full extent permitted or authorized by the Act, the rules and regulations of the Public Service Commission of West Virginia and other laws of the State of West Virginia.

Whenever any fees, rates, rentals or other charges for the services and facilities of the System shall remain unpaid for a period of 20 days after the same shall become due and payable, the user of the services and facilities shall be delinquent until such time as all such rates and charges are fully paid. To the extent authorized by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, rates, rentals and other charges, if not paid, when due, shall become a lien on the premises served by the System. The Issuer further covenants and agrees that, it will, to the full extent permitted by law and the rules and regulations promulgated by the Public Service Commission of West Virginia, discontinue and shut off the services of the System and any services and facilities of the water system, if so owned by the Issuer, to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services of either system until all delinquent charges for the services of the System, plus reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law. If the water facilities are not owned by the Issuer, the Issuer shall enter into a termination agreement with the water provider, subject to any required approval of such agreement by the Public Service Commission of West Virginia and all rules, regulations and orders of the Public Service Commission of West Virginia.

Section 7.14. No Free Services. Except as required by law, the Issuer will not render or cause to be rendered any free services of any nature by the System, nor will any

preferential rates be established for users of the same class; and in the event the Issuer, or any department, agency, instrumentality, officer or employee of the Issuer shall avail itself or themselves of the facilities or services provided by the System, or any part thereof, the same rates, fees or charges applicable to other customers receiving like services under similar circumstances shall be charged the Issuer and any such department, agency, instrumentality, officer or employee. The revenues so received shall be deemed to be revenues derived from the operation of the System, and shall be deposited and accounted for in the same manner as other revenues derived from such operation of the System.

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the Loan Agreement, during construction of the Project on a 100% basis (completed value form) on the insurable portion of the Project, such insurance to be made payable to the order of the Authority, the Issuer, the contractors and subcontractors, as their interests may appear.

(2) PUBLIC LIABILITY INSURANCE, with limits of not less than $1,000,000 per occurrence to protect the Issuer from claims for bodily injury and/or death and not less than $500,000 per occurrence from claims for damage to property of others which may arise from the operation of the System, and insurance with the same limits to protect the Issuer from claims arising out of operation or ownership of motor vehicles of or for the System.

(3) WORKER'S COMPENSATION COVERAGE FOR ALL EMPLOYEES OF OR FOR THE SYSTEM ELIGIBLE THEREFOR; AND PERFORMANCE AND PAYMENT BONDS, such bonds to be in the amounts of 100% of the construction contract and to be required of each contractor contracting directly with the Issuer, and such payment bonds will be filed with the Clerk of The County Commission of the County in which such work is to be performed prior to commencement of construction of the Project in compliance with West Virginia Code, Chapter 38, Article 2, Section 39.

(4) FLOOD INSURANCE, if the facilities of the System are or will be located in designated special flood or mudslide-prone areas and to the extent available at reasonable cost to the Issuer.

(5) BUSINESS INTERRUPTION INSURANCE, to the extent available at reasonable cost to the Issuer.

(6) FIDELITY BONDS will be provided as to every officer, member and employee of the Issuer or the Governing Body having custody of the revenues or of any other funds of the System, in an amount at least equal to the total funds in the custody of any such person at any one time.

B. The Issuer shall require all contractors engaged in the construction of the Project to furnish a performance bond and a payment bond, each in an amount equal to 100% of the contract price of the portion of the Project covered by the particular contract as security for the faithful performance of such contract. The Issuer shall verify such bonds prior to commencement of construction.

The Issuer shall also require all contractors engaged in the construction of the Project to carry such worker's compensation coverage for all employees working on the Project and public liability insurance, vehicular liability insurance and property damage insurance in amounts adequate for such purposes and as is customarily carried with respect to works and properties similar to the Project; provided that the amounts and terms of such coverage are satisfactory to the Authority and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

Section 7.16. Mandatory Connections. The mandatory use of the System is essential and necessary for the protection and preservation of the public health, comfort, safety, convenience and welfare of the inhabitants and residents of, and the economy of, the Issuer and in order to assure the rendering harmless of sewage and water-borne waste matter produced or arising within the territory served by the System. Accordingly, every owner, tenant or occupant of any house, dwelling or building located near the System, where sewage will flow by gravity or be transported by such other methods approved by the State Division of Health from such house, dwelling or building into the System, to the extent permitted by the laws of the State and the rules and regulations of the Public Service Commission of West Virginia, shall connect with and use the System and shall cease the use of all other means for the collection, treatment and disposal of sewage and waste matters from such house, dwelling or building where there is such gravity flow or transportation by such other method approved by the State Division of Health and such house, dwelling or building can be adequately served by the System, and every such owner, tenant or occupant shall, after a 30-day notice of the availability of the System, pay the rates and charges established therefor.

Any such house, dwelling or building from which emanates sewage or water-borne waste matter and which is not so connected with the System is hereby declared and found to be a hazard to the health, safety, comfort and welfare of the inhabitants of the Issuer and a public nuisance which shall be abated to the extent permitted by law and as promptly as possible by proceedings in a court of competent jurisdiction.

Section 7.17. Completion and Operation of Project; Permits and Orders. The Issuer will complete the Project as promptly as possible and operate and maintain the System as

a revenue-producing utility in good condition and in compliance with all federal and state requirements and standards.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project and all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the acquisition and construction of the Project, the operation of the System and all approvals for issuance of the Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall supply an opinion of counsel to such effect.

Section 7.18.RESERVED.

Section 7.19.Statutory Mortgage Lien. For the further protection of the Holders of the Series 2008 A Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2008 A Bonds and shall be on a parity with the First Lien Bonds and senior and prior to the Second Lien Bonds.

Section 7.20.Compliance with Loan Agreement and Law. The Issuer shall perform, satisfy and comply with all the terms and conditions of the Loan Agreement and the Act. Notwithstanding anything herein to the contrary, the Issuer will provide the Council with copies of all documents submitted to the Authority.

The Issuer also agrees to comply with all applicable laws, rules and regulations issued by the Authority, the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

Section 7.21.Securities Laws Compliance. The Issuer will provide the Authority, in a timely manner, with any and all information that may be requested of it (including its annual audit report, financial statements, related information and notices of changes in usage and customer base) so that the Authority may comply with the provisions of SEC Rule 15c2-12 (17 CFR Part 240).

Section 7.22.Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2008 A Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council for written approval. The Issuer shall obtain the written approval of the Council before expending any proceeds of the Series 2008 A Bonds held in "contingency" as set forth in the schedule attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council before expending any proceeds of the Series 2008 A Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority and the Council in any press release, publication, program bulletin, sign or other public communication that references the Project, including but not limited to any program document distributed in conjunction with any ground breaking or dedication of the Project.

ARTICLE VIII

INVESTMENT OF FUNDS

Section 8.01. Investments. Any monies held as a part of the funds and accounts created by this Bond Legislation other than the Revenue Fund, shall be invested and reinvested by the Commission, the Depository Bank, or such other bank or national banking association holding such fund or account, as the case may be, at the written direction of the Issuer in any Qualified Investments to the fullest extent possible under applicable laws, this Bond Legislation, the need for such monies for the purposes set forth herein and the specific restrictions and provisions set forth in this Section 8.01.

Any investment shall be held in and at all times deemed a part of the fund or account in which such monies were originally held, and the interest accruing thereon and any profit or loss realized from such investment shall be credited or charged to the appropriate fund or account. The investments held for any fund or account shall be valued at the lower of cost or then current market value, or at the redemption price thereof if then redeemable at the option of the holder, including the value of accrued interest and giving effect to the amortization of discount, or at par if such investment is held in the "Consolidated Fund." The Commission shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in any fund or account is insufficient to make the payments required from such fund or account, regardless of the loss on such liquidation. The Depository Bank, or such other bank or national banking association, as the case may be, may make any and all investments permitted by this section through its own bond department and shall not be responsible for any losses from such investments, other than for its own negligence or willful misconduct.

The Depository Bank shall keep complete and accurate records of all funds, accounts and investments, and shall distribute to the Issuer, at least once each year, or more often as reasonably requested by the Issuer, a summary of such funds, accounts and investment earnings. The Issuer shall retain all such records and any additional records with respect to such funds, accounts and investment earnings so long as any of the Series 2008 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 A Bonds as a condition to issuance of the Series 2008 A Bonds. In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2008 A Bonds as may be necessary in order to maintain the status of the Series 2008 A Bonds as public purpose bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2008 A Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority or the Council, as the case may be, from which the proceeds of the Series 2008 A Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority or the Council, to ensure

compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority information with respect to the Issuer's use of the proceeds of the Series 2008 A Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2008 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on the Series 2008 A Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2008 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2008 A Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, Registrar or any other Paying Agent or a Holder of a Bond;

(3) If the Issuer files a petition seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America; or

(4) If default occurs with the Prior Bonds.

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2008 A Bonds shall be on a parity with the Holders of the First Lien Bonds and senior to the Second Lien Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of a Bond may, by proper legal action, compel the performance of the duties of the Issuer under the Bond Legislation and the Act, including, the completion of the Project and after commencement of operation of the System, the making and collection of sufficient rates and charges for services rendered by the System and segregation of the revenues therefrom and the application thereof. If there be any Event of Default with respect to such Bonds, any Registered Owner of a Bond shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees

and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

The receiver so appointed shall forthwith, directly or by his or her or its agents and attorneys, enter into and upon and take possession of all facilities of said System and shall hold, operate and maintain, manage and control such facilities, and each and every part thereof, and in the name of the Issuer exercise all the rights and powers of the Issuer with respect to said facilities as the Issuer itself might exercise.

Whenever all that is due upon the Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2008 A Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2008 A Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2008 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2008 A Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2008 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2008 A Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2008 A Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2008 A Bonds.

Section 11.04. Headings, Etc. The headings and catchlines of the articles, sections and subsections hereof are for convenience of reference only, and shall not affect in any way the meaning or interpretation of any provision hereof.

Section 11.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions of this Resolution are, to the extent of such conflict, hereby repealed, provided that, in the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

Section 11.06. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto;

and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 11.07. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 24th day of September, 2008.

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT on the 24th day of September, 2008.

Dated: October 27, 2008.

[SEAL]

Secretary

09.17.08
352650.00005

CH4918116.2

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3.

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Sewer Revenue Bonds Series 2008 A
(West Virginia Infrastructure Fund)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND), OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS AND THE SALE AND DELIVERY OF SUCH BONDS TO THE WEST VIRGINIA WATER DEVELOPMENT AUTHORITY; DESIGNATING A REGISTRAR, PAYING AGENT AND DEPOSITORY BANK; AND MAKING OTHER PROVISIONS AS TO THE BONDS.

WHEREAS, the Public Service Board (the "Governing Body") of Greater Harrison County Public Service District (the "Issuer") has duly and officially adopted a bond resolution on September 24, 2008 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF IMPROVEMENTS AND EXTENSIONS TO THE EXISTING PUBLIC SEWERAGE SYSTEM OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF $943,500 IN AGGREGATE PRINCIPAL AMOUNT OF SEWER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer (the "Bonds"), in the aggregate principal amounts not to exceed $943,500, and has authorized the execution and delivery of the loan agreement relating to the Series 2008 A Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amount, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

WHEREAS, the Loan Agreement has been presented to the Issuer at this meeting;

WHEREAS, the Bonds are proposed to be purchased by the Authority pursuant to the Loan Agreement; and

WHEREAS, the Governing Body deems it essential and desirable that this supplemental resolution (the "Supplemental Resolution") be adopted, that the Loan Agreement be approved and ratified by the Issuer, that the exact principal amounts, the dates, the maturity dates, the redemption provisions, the interest rates, the interest and principal payment dates, the sale prices and other terms of the Bonds be fixed hereby in the manner stated herein, and that other matters relating to the Bonds be herein provided for;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT:

Section 1. Pursuant to the Bond Resolution and the Act, this Supplemental Resolution is adopted and there are hereby authorized and ordered to be issued the following bonds of the Issuer's Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $943,500. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2048, and shall bear no interest. The principal of the Series 2008 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009, to and including September 1,

2048, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2008 A Bonds. The Series 2008 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Loan Agreement, so long as the Authority shall be the registered owner of the Series 2008 A Bonds.

Section 2. All other provisions relating to the Bonds and the text of the Bonds shall be in substantially the form provided in the Bond Resolution.

Section 3. The Issuer does hereby authorize, approve, ratify and accept the Loan Agreement, copies of which are incorporated herein by reference, and the execution and delivery of the Loan Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, directed, ratified and approved. The Issuer hereby affirms all covenants and representations made in the Loan Agreement and in the applications to the Council and the Authority. The price of the Bonds shall be 100% of par value, there being no interest accrued thereon, provided that the proceeds of the Bonds shall be advanced from time to time as requisitioned by the Issuer.

Section 4. The Issuer does hereby appoint and designate The Huntington National Bank, Charleston, West Virginia, to serve as Registrar (the "Registrar") for the Bonds under the Bond Resolution and does approve and accept the Registrar's Agreement to be dated the date of delivery of the Bonds, by and between the Issuer and the Registrar, and the execution and delivery of the Registrar's Agreement by the Chairman, and the performance of the obligations contained therein, on behalf of the Issuer, are hereby authorized, approved and directed.

Section 5. The Issuer does hereby appoint and designate the West Virginia Municipal Bond Commission, Charleston, West Virginia, to serve as Paying Agent for the Bonds under the Bond Resolution.

Section 6. The Issuer does hereby appoint and designate Harrison County Bank, West Milford, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2008 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2008 A Bonds Sinking Fund, as capitalized interest.

Section 8. Series 2008 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2008 A Bonds Reserve Account.

Section 9. The balance of the proceeds of the Series 2008 A Bonds shall be deposited in or credited to the Bond Construction Trust Fund for payment of the costs of the Project, including, without limitation, costs of issuance of the Bonds and related costs.

Section 10. The Chairman and Secretary are hereby authorized and directed to execute and deliver such other documents, agreements, instruments and certificates required or desirable in connection with the Bonds to be issued hereby and by the Bond Resolution

approved and provided for, to the end that the Bonds may be delivered on or about October 3, 2008, to the Authority pursuant to the Loan Agreement.

Section 11. The acquisition and construction of the Project and the financing thereof in part with proceeds of the Bonds are in the public interest, serve a public purpose of the Issuer and will promote the health, welfare and safety of the residents of the Issuer.

Section 12. The Issuer hereby determines that it is in the best interest of the Issuer to invest all moneys in the funds and accounts established by the Bond Resolution held by the Depository Bank until expended, in repurchase agreements or time accounts, secured by a pledge of Government Obligations, and therefore, the Issuer hereby directs the Depository Bank to take such actions as may be necessary to cause such moneys to be invested in such repurchase agreements or time accounts, until further directed in writing by the Issuer. Moneys in the Sinking Funds, including the Reserve Accounts therein, shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

[Remainder of Page Intentionally Blank]

Adopted this 24th day of September, 2008.

GREATER HARRISON COUNTY PUBLIC
SERVICE DISTRICT

By: William Cafferdeffer
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of Greater Harrison County Public Service District on the 24th day of September, 2008.

Dated: October 27, 2008.

[SEAL]

Secretary

10.17.08
352650.00005

CH4918037.2

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
SEWER REVENUE BONDS, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $943,500

KNOW ALL MEN BY THESE PRESENTS: This 27th day of October, 2008, that GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Harrison County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the West Virginia Water Development Authority (the "Authority") or registered assigns the sum of NINE HUNDRED FORTY THREE THOUSAND FIVE HUNDRED DOLLARS ($943,500), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009, to and including September 1, 2048 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. Principal installments of this Bond are payable in any coin or currency which, on the respective dates of payment of such installments, is legal tender for the payment of public and private debts under the laws of the United States of America, at the office of the West Virginia Municipal Bond Commission, Charleston, West Virginia (the "Paying Agent").

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated October 3, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public sewerage system of the Issuer, the Project and any further improvements or extensions thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), and a Bond Resolution duly adopted by the Issuer on September 24, 2008, and a Supplemental Resolution duly adopted by the Issuer on September 24, 2008 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured

equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL OTHER RESPECTS, WITH THE ISSUER'S (1) SEWER REVENUE BONDS, SERIES 1986 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,758,771 (THE "SERIES 1986 A BONDS"); (2) SEWER REVENUE BONDS, SERIES 1990 A (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $285,908 (THE "SERIES 1990 A BONDS"); (3) SEWER REVENUE BONDS, SERIES 1995 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED APRIL 18, 1995, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $432,000 (THE "SERIES 1995 BONDS"); (4) SEWER REVENUE BONDS, SERIES 2003 A (WEST VIRGINIA SRF PROGRAM), DATED JUNE 26, 2003, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,981,165 AND (5) SEWER REVENUE BONDS, SERIES 2003 B (WEST VIRGINIA INFRASTRUCTURE FUND) DATED JUNE 26, 2003 ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $4,130,000 (COLLECTIVELY, THE "FIRST LIEN BONDS"); AND SENIOR AND PRIOR TO THE ISSUER'S SEWER REVENUE BONDS, SERIES 1986 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED NOVEMBER 6, 1986, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $431,387 (THE "SERIES 1986 B BONDS") AND SEWER REVENUE BONDS, SERIES 1990 B (WEST VIRGINIA WATER DEVELOPMENT AUTHORITY), DATED APRIL 6, 1990, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $13,342 (THE "SERIES 1990 B BONDS") (COLLECTIVELY, THE "SECOND LIEN BONDS"). THE SERIES 1986 A BONDS, THE SERIES 1990 A BONDS, THE SERIES 1995 BONDS, THE SERIES 2003 A BONDS, THE SERIES 2003 B BONDS, THE SERIES 1986 B BONDS AND THE SERIES 1990 B BONDS ARE REFERRED TO AS THE "PRIOR BONDS".

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the Series 2008 A Bonds and the First Lien Bonds and senior and prior to the Second Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2008 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2008 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with or junior to the Bonds, including the Series 2008 A Bonds and the

Prior Bonds; provided however, that so long as there exists in the Series 2008 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with or junior to the Bonds, including the Series 2008 A Bonds and the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia, as registrar (the "Registrar"), by the registered owner, or by its attorney duly authorized in writing, upon the surrender of this Bond, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or its attorney duly authorized in writing.

Subject to the registration requirements set forth herein, this Bond, under the provision of the Act is, and has all the qualities and incidents of, a negotiable instrument under the Uniform Commercial Code of the State of West Virginia.

All money received from the sale of this Bond, after reimbursement and repayment of all amounts advanced for preliminary expenses as provided by law and the Bond Legislation, shall be applied solely to payment of the costs of the Project and costs of issuance hereof described in the Bond Legislation, and there shall be and hereby is created and granted a lien upon such monies, until so applied, in favor of the registered owner of this Bond.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and at the issuance of this Bond do exist, have happened, and have been performed in due time, form and manner as required by law, and that the amount of this Bond, together with all other obligations of the Issuer, does not exceed any limit prescribed by the Constitution or statutes of the State of West Virginia and that a sufficient amount of the Net Revenues of the System has been pledged to and will be set aside into said special fund by the Issuer for the prompt payment of the principal of this Bond.

All provisions of the Bond Legislation, resolutions and statutes under which this Bond is issued shall be deemed to be a part of the contract evidenced by this Bond to the same extent as if written fully herein.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT has caused this Bond to be signed by its Chairman and its corporate seal to be hereunto affixed and attested by its Secretary, and has caused this Bond to be dated the day and year first written above.

[SEAL]

SPECIMEN

Chairman

ATTEST:

SPECIMEN

Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2008 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: October 27, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $123,926	October 27, 2008	(19)	
(2)		(20)	
(3)		(21)	
(4)		(22)	
(5)		(23)	
(6)		(24)	
(7)		(25)	
(8)		(26)	
(9)		(27)	
(10)		(28)	
(11)		(29)	
(12)		(30)	
(13)		(31)	
(14)		(32)	
(15)		(33)	
(16)		(34)	
(17)		(35)	
(18)		(36)	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

BOND DEBT SERVICE

$943,500

Greater Harrison County Public Service District (West Virginia)

Dated Date 10/3/2008

Delivery Date 10/3/2008

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
12/1/2009	6,049.		6,049.	
3/1/2010	6,049.		6,049.	
6/1/2010	6,049.		6,049.	
9/1/2010	6,049.		6,049.	24,196.
12/1/2010	6,049.		6,049.	
3/1/2011	6,049.		6,049.	
6/1/2011	6,049.		6,049.	
9/1/2011	6,049.		6,049.	24,196.
12/1/2011	6,049.		6,049.	
3/1/2012	6,049.		6,049.	
6/1/2012	6,049.		6,049.	
9/1/2012	6,049.		6,049.	24,196.
12/1/2012	6,048.		6,048.	
3/1/2013	6,048.		6,048.	
6/1/2013	6,048.		6,048.	
9/1/2013	6,048.		6,048.	24,192.
12/1/2013	6,048.		6,048.	
3/1/2014	6,048.		6,048.	
6/1/2014	6,048.		6,048.	
9/1/2014	6,048.		6,048.	24,192.
12/1/2014	6,048.		6,048.	
3/1/2015	6,048.		6,048.	
6/1/2015	6,048.		6,048.	
9/1/2015	6,048.		6,048.	24,192.
12/1/2015	6,048.		6,048.	
3/1/2016	6,048.		6,048.	
6/1/2016	6,048.		6,048.	
9/1/2016	6,048.		6,048.	24,192.
12/1/2016	6,048.		6,048.	
3/1/2017	6,048.		6,048.	
6/1/2017	6,048.		6,048.	
9/1/2017	6,048.		6,048.	24,192.
12/1/2017	6,048.		6,048.	
3/1/2018	6,048.		6,048.	
6/1/2018	6,048.		6,048.	
9/1/2018	6,048.		6,048.	24,192.
12/1/2018	6,048.		6,048.	
3/1/2019	6,048.		6,048.	
6/1/2019	6,048.		6,048.	
9/1/2019	6,048.		6,048.	24,192.
12/1/2019	6,048.		6,048.	
3/1/2020	6,048.		6,048.	
6/1/2020	6,048.		6,048.	
9/1/2020	6,048.		6,048.	24,192.
12/1/2020	6,048.		6,048.	
3/1/2021	6,048.		6,048.	

BOND DEBT SERVICE

$943,500

Greater Harrison County Public Service District (West Virginia)

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
6/1/2021	6,048.		6,048.	
9/1/2021	6,048.		6,048.	24,192.
12/1/2021	6,048.		6,048.	
3/1/2022	6,048.		6,048.	
6/1/2022	6,048.		6,048.	
9/1/2022	6,048.		6,048.	24,192.
12/1/2022	6,048.		6,048.	
3/1/2023	6,048.		6,048.	
6/1/2023	6,048.		6,048.	
9/1/2023	6,048.		6,048.	24,192.
12/1/2023	6,048.		6,048.	
3/1/2024	6,048.		6,048.	
6/1/2024	6,048.		6,048.	
9/1/2024	6,048.		6,048.	24,192.
12/1/2024	6,048.		6,048.	
3/1/2025	6,048.		6,048.	
6/1/2025	6,048.		6,048.	
9/1/2025	6,048.		6,048.	24,192.
12/1/2025	6,048.		6,048.	
3/1/2026	6,048.		6,048.	
6/1/2026	6,048.		6,048.	
9/1/2026	6,048.		6,048.	24,192.
12/1/2026	6,048.		6,048.	
3/1/2027	6,048.		6,048.	
6/1/2027	6,048.		6,048.	
9/1/2027	6,048.		6,048.	24,192.
12/1/2027	6,048.		6,048.	
3/1/2028	6,048.		6,048.	
6/1/2028	6,048.		6,048.	
9/1/2028	6,048.		6,048.	24,192.
12/1/2028	6,048.		6,048.	
3/1/2029	6,048.		6,048.	
6/1/2029	6,048.		6,048.	
9/1/2029	6,048.		6,048.	24,192.
12/1/2029	6,048.		6,048.	
3/1/2030	6,048.		6,048.	
6/1/2030	6,048.		6,048.	
9/1/2030	6,048.		6,048.	24,192.
12/1/2030	6,048.		6,048.	
3/1/2031	6,048.		6,048.	
6/1/2031	6,048.		6,048.	
9/1/2031	6,048.		6,048.	24,192.
12/1/2031	6,048.		6,048.	
3/1/2032	6,048.		6,048.	
6/1/2032	6,048.		6,048.	
9/1/2032	6,048.		6,048.	24,192.
12/1/2032	6,048.		6,048.	
3/1/2033	6,048.		6,048.	
6/1/2033	6,048.		6,048.	
9/1/2033	6,048.		6,048.	24,192.

BOND DEBT SERVICE

$943,500

Greater Harrison County Public Service District (West Virginia)

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
12/1/2033	6,048.		6,048.	
3/1/2034	6,048.		6,048.	
6/1/2034	6,048.		6,048.	
9/1/2034	6,048.		6,048.	24,192.
12/1/2034	6,048.		6,048.	
3/1/2035	6,048.		6,048.	
6/1/2035	6,048.		6,048.	
9/1/2035	6,048.		6,048.	24,192.
12/1/2035	6,048.		6,048.	
3/1/2036	6,048.		6,048.	
6/1/2036	6,048.		6,048.	
9/1/2036	6,048.		6,048.	24,192.
12/1/2036	6,048.		6,048.	
3/1/2037	6,048.		6,048.	
6/1/2037	6,048.		6,048.	
9/1/2037	6,048.		6,048.	24,192.
12/1/2037	6,048.		6,048.	
3/1/2038	6,048.		6,048.	
6/1/2038	6,048.		6,048.	
9/1/2038	6,048.		6,048.	24,192.
12/1/2038	6,048.		6,048.	
3/1/2039	6,048.		6,048.	
6/1/2039	6,048.		6,048.	
9/1/2039	6,048.		6,048.	24,192.
12/1/2039	6,048.		6,048.	
3/1/2040	6,048.		6,048.	
6/1/2040	6,048.		6,048.	
9/1/2040	6,048.		6,048.	24,192.
12/1/2040	6,048.		6,048.	
3/1/2041	6,048.		6,048.	
6/1/2041	6,048.		6,048.	
9/1/2041	6,048.		6,048.	24,192.
12/1/2041	6,048.		6,048.	
3/1/2042	6,048.		6,048.	
6/1/2042	6,048.		6,048.	
9/1/2042	6,048.		6,048.	24,192.
12/1/2042	6,048.		6,048.	
3/1/2043	6,048.		6,048.	
6/1/2043	6,048.		6,048.	
9/1/2043	6,048.		6,048.	24,192.
12/1/2043	6,048.		6,048.	
3/1/2044	6,048.		6,048.	
6/1/2044	6,048.		6,048.	
9/1/2044	6,048.		6,048.	24,192.
12/1/2044	6,048.		6,048.	
3/1/2045	6,048.		6,048.	
6/1/2045	6,048.		6,048.	
9/1/2045	6,048.		6,048.	24,192.
12/1/2045	6,048.		6,048.	
3/1/2046	6,048.		6,048.	

BOND DEBT SERVICE

$943,500

Greater Harrison County Public Service District (West Virginia)

Period Ending	Principal	Interest	Debt Service	Annual Debt Service
6/1/2046	6,048.		6,048.	
9/1/2046	6,048.		6,048.	24,192.
12/1/2046	6,048.		6,048.	
3/1/2047	6,048.		6,048.	
6/1/2047	6,048.		6,048.	
9/1/2047	6,048.		6,048.	24,192.
12/1/2047	6,048.		6,048.	
3/1/2048	6,048.		6,048.	
6/1/2048	6,048.		6,048.	
9/1/2048	6,048.		6,048.	24,192.
	943,500.		**943,500.**	**943,500.**

(Form of)

ASSIGNMENT

FOR VALUE RECEIVED the undersigned sells, assigns, and transfers unto _____ the within Bond and does hereby irrevocably constitute and appoint _____, Attorney to transfer the said Bond on the books kept for registration of the within Bond of the said Issuer with full power of substitution in the premises.

Dated: _____, 20____.

_____

In the presence of:

_____

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

October 27, 2008

Greater Harrison County Public Service District
Sewer Revenue Bonds, Series 2008 A
(West Virginia Infrastructure Fund)

Greater Harrison Public Service District
West Milford, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Infrastructure
and Jobs Development Council
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Greater Harrison County Public Service District (the "Issuer"), a public service district, public corporation and political subdivision created and existing under the laws of the State of West Virginia, of its $943,500 Sewer Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund), dated the date hereof (the "Bonds").

We have examined the law and certified copies of proceedings and other papers relating to the authorization of a loan agreement dated October 3, 2008, including all schedules and exhibits attached thereto (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority") on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and the Bonds, which are to be purchased by the Authority in accordance with the provisions of the Loan Agreement. The Bonds are originally issued in the form of one Bond, registered as to principal only to the Authority, bearing no interest, with principal payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009, to and including September 1, 2048, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds.

The Bonds are issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly, Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purposes of (i) paying a portion of the costs of acquisition and construction of improvements and extensions to the existing public sewerage system of the Issuer (the "Project"); and (ii) paying certain costs of issuance and related costs.

TERRALEX

ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY) 06/01/2010

PRODUCER (304)375-4900 FAX (304)375-2162
Bill Bailey Insurance Agency
701 Highland Avenue
P. O. Box 246
Williamstown, WV 26187

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.

INSURED Greater Harrison County PSD
PO Box 190
West Milford, WV 26451

INSURERS AFFORDING COVERAGE	NAIC #
INSURER A: American Alternative Insurance	
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	

COVERAGES

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	ADD'L INSRD	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS	
A		GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	SP9152000-02	06/30/2009	06/30/2010	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 1,000,000 $ 10,000 $ 1,000,000 $ 3,000,000 $ 3,000,000
A		AUTOMOBILE LIABILITY X ANY AUTO ALL OWNED AUTOS SCHEDULED AUTOS HIRED AUTOS NON-OWNED AUTOS	SA8051900-03	06/30/2009	06/30/2010	COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ 1,000,000 $ $ $
		GARAGE LIABILITY ANY AUTO				AUTO ONLY - EA ACCIDENT OTHER THAN AUTO ONLY: EA ACC AGG	$ $ $
A		EXCESS/UMBRELLA LIABILITY X OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $	SX9250719-02	06/30/2009	06/30/2010	EACH OCCURRENCE AGGREGATE	$ 1,000,000 $ 1,000,000
		WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below				WC STATU-TORY LIMITS OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	 $ $ $
		OTHER					

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES / EXCLUSIONS ADDED BY ENDORSEMENT / SPECIAL PROVISIONS

The certificate holder listed below is named as Additional Insured in regards to the policies listed above.

CERTIFICATE HOLDER

WV Water Development Authority
180 Association Drive
Charleston, WV 25311

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

©ACORD CORPORATION 1988

STEPTOE & JOHNSON PLLC
ATTORNEYS AT LAW

Chase Tower, Eighth Floor
P.O. Box 1588
Charleston, WV 25326-1588
(304) 353-8000 (304) 353-8180 Fax
www.steptoe-johnson.com

Writer's Contact Information

CLOSING MEMORANDUM

To: **Financing Team**

From: **John C. Stump, Esquire**

Date: **June 24, 2010**

Re: **Greater Harrison County Public Service District Sewerage System Design Revenue Bonds, Series 2010 A (West Virginia Water Development Authority)**

---

1. DISBURSEMENTS TO GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT

Payor:	West Virginia Water Development Authority
Source:	Series 2010 A Bond Proceeds
Amount:	$414,503
Form:	Wire Transfer
Payee:	Greater Harrison County Public Service District
Bank:	Harrison County Bank, West Milford, WV
ABA No.:	051502913
Acct. No.:	00-65816
Contact:	Carol A. Nay (745.3332)
Account:	Series 2010 Bonds Trust Fund

06.10.10
352650.00007

West Virginia • Ohio • Kentucky

TERRALEX®
The Worldwide Network of Independent Law Firms

GREATER HARRISON COUNTY PUBLIC SERVICE DISTRICT
2007D-1010 (Sewer)

RESOLUTION APPROVING INVOICES RELATING TO PRE-CONSTRUCTION AND OTHER SERVICES FOR THE PROPOSED SEWER PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Greater Harrison County Public Service District has reviewed the invoices attached hereto and incorporated herein by reference relation to the pre-construction of the Sewer Project funded by the WV Water Development Authority (WDA) and find as follows:

a) That none of the items for which payment is proposed to be made has formed the basis for any disbursement theretofore made.

b) That each item for which the payment is proposed to be paid is or was necessary in connection with the Project and constitutes a Cost of the project.

c) That each of such costs has been otherwise properly incurred.

d) That the payment for each of the items proposed is due and owing.

NOW, THEREFOR, BE IT RESOLVED The Greater Harrison County Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices from the Project Fund as follows:

Vendor	Total	WDA
Steptoe & Johnson	7,000.00	7,000.00
Huntington Bank	500.00	500.00
Tom Michael	6,003.00	6,003.00
Bennett & Dobbins	7,500.00	7,500.00
Thrasher Engineering	393,500.00	393,500.00
Total	414,503.00	414,503.00

ADOPTED BY the Greater Harrison County Public Service District, at the meeting held on the 16th day of June, 2010.

By William Offenbiss
Its: Chairman

Contact: Bill Hoover 304-745-3463

SWEEP RESOLUTION

WHEREAS, The Greater Harrison County Public Service District (the "Issuer") is a governmental body and political subdivision of West Virginia;

WHEREAS, the Issuer has issued bonds, as more specifically set forth on Exhibit A, attached hereto and incorporated herein by reference (the "Bonds");

WHEREAS, the Issuer makes monthly debt service payments on the Bonds by check to the West Virginia Municipal Bond Commission (the "MBC") which in turn pays the owners of the Bonds and deposits funds in the reserve accounts;

WHEREAS, the MBC may accept such monthly payments by electronic funds transfer thereby eliminating delay in payments and lost checks;

WHEREAS, the Issuer find and determines that it is in the best interest of the Issuer, its citizens and the owners of the Bonds that the monthly debt service and reserve fund payments be made by electronic transfer with the State Treasurer **sweeping** the Issuer's account.

NOW THEREFORE BE IT RESOLVED AS FOLLOWS:

1) The monthly debt service payments on the Bonds, as set forth in Exhibit A, shall be made to the MBC by electronic transfer by the State Treasurer form the accounts set forth in Exhibit A in such form and at such directions as are provided by the MBC.

2)Bill Coffindaffer and * are hereby authorized to sign and execute all such documents as are necessary to facilitate the electronic transfer of the Bond debt service and reserve fund payments.

* William Hoover and Gerald Robertson

3) This resolution shall be effective immediately upon adoption.

Adopted this 16th day of June, 2010.

William B Coffindaffer
(Authorized Officer)

(Authorized Officer)

(Authorized Officer)