GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

BOND TRANSCRIPT

Table of Contents

Closing Date: May 24, 2013

BASIC DOCUMENTS

1. Bond Resolution
2. Supplemental Resolution
3. 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 2013 A Bond

OPINIONS OF COUNSEL

9. Approving Opinion on Series 2013 A Bonds of Steptoe & Johnson PLLC, Bond Counsel
10. Opinion of Counsel to Issuer
11. Title Opinion

CERTIFICATES

12. General Certificate of Issuer and Attorney

13. Certificate of Engineer, with Schedule B Attached

14. Certificate of Certified Public Accountant

15. Certificate as to Use of Proceeds

DOCUMENTS OF THE ISSUER

16. County Commission Orders on Creation of District

17. County Commission Orders of Appointment of Current Board Members

18. Oaths of Office of Current Board Members

19. Rules of Procedure

20. Affidavit of Publication of Notice of Filing

21. Minutes of Current Year Organizational Meeting

22. Minutes on Adoption of Bond Resolution and Supplemental Resolution

23. Municipal Bond Commission New Issue Report

MISCELLANEOUS DOCUMENTS

24. Acceptance of Appointment as Depository Bank

25. Acceptance of Duties as Registrar of Bonds

26. Certificate of Registration of Bonds

27. Registrar's Agreement on Bonds

28. Bureau for Public Health Permit

29. Evidence of West Virginia DHHR Design Grant

30. Evidence of Small Cities Block Grant

31. Evidence of Insurance

32. Closing Memorandum

33. Sweep Resolution

34. Consent of WDA to issuance of Parity Bonds

35. Consent of USDA to issuance of Parity Bonds

36. Prior Resolution
    A. Series 1994 Bonds
    B. Series 2000 Bonds
    C. Series 2005 A Bonds & Series 2005 B Bonds
    D. Series 2008 A Bonds

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GILMER COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2013 A
(WEST VIRGINIA DWTRF PROGRAM)

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. Bond Registrar; 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.
FORM OF SERIES 2013 A BOND

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement.
Section 3.12. Filing of Amended Schedule.

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 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 Position 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. 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; Change Orders; Public Release.

ARTICLE VIII

INVESTMENT OF FUNDS; USE OF PROCEEDS

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. Notices.
Section 11.06. Conflicting Provisions Repealed; Prior Resolutions.
Section 11.07. Covenant of Due Procedure, Etc.
Section 11.08. Effective Date.
SIGNATURES
CERTIFICATION

GILMER COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF GILMER COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,725,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE 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 GILMER 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 16, Article 13C 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. Gilmer 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 Gilmer County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of extension to its existing waterworks system to serve additional customers in

the Coxs Mills, Wolf Pen and Alice Road areas in Gilmer County (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $1,725,000 in one or more series, being the Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), in the aggregate principal amount of not more than $1,725,000 (the "Series 2013 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 2013 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 Account (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, including the Administrative Fee, if any, (as hereafter 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 2013 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 2013 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 32 years.

F. It is in the best interests of the Issuer that its Series 2013 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, on behalf of the West Virginia Bureau for Public Health (the "BPH"), 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 bonds or obligations of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (1) Water Revenue Bonds, Series 1994 (United States

Department of Agriculture), dated August 18, 1994, issued in the original aggregate principal amount of $550,000 (the "Series 1994 Bonds"); (2) Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000 (the "Series 2000 Bonds"); (3) Water Revenue Bonds, Series 2005 A Bonds (West Virginia Infrastructure Fund), dated April 19, 2005, issued in the original aggregate principal amount of $1,470,000 (the "Series 2005 A Bonds"); (4) Water Revenue Bonds, Series 2005 B Bonds (West Virginia DWTRF Program), dated April 19, 2005, issued in the original aggregate principal amount of $1,639,000 (the "Series 2005 B Bonds"); and (5) Water Revenue Bonds, Series 2008 A Bonds (West Virginia Infrastructure Fund), dated April 16, 2008, issued in the original aggregate principal amount of $1,325,000 (the "Series 2008 A Bonds"), (collectively, the "Prior Bonds").

Prior to the issuance of the Series 2013 A Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2013 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest, if any, on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Resolutions, all as such terms are hereinafter defined.

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, including, without limitation, the imposition of rates and charges and issuance of the Series 2013 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 2013 A Bonds or such final order will not be subject to appeal or rehearing.

J. The Project has been reviewed and determined to be technically and financially feasible by the West Virginia Infrastructure and Jobs Development Council 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 2013 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 2013 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 16, Article 13C of the West Virginia Code of 1931, as amended and in effect on the date of adoption hereof.

"Administrative Fee" means the Administrative Fee required, if any, to be paid pursuant to the Loan Agreement for the Series 2013 A Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2013 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 BPH 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 2013 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.

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

"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 2013 A Bonds for all or a portion of the proceeds of the Series 2013 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.

"Cross Cutter Authorities" means federal laws and authorities that apply by their terms to projects or activities receiving federal assistance.

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

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

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

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

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

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

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

"Grant" means all moneys received by the Issuer 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 the Gilmer County Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Gilmer 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 BPH, providing for the purchase of the Series 2013 A Bonds from the Issuer by the Authority, the form of which shall be approved, and the execution and delivery by the Issuer authorized and directed or ratified, by the Supplemental Resolution.

"Net Proceeds" means the face amount of the Series 2013 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2013 A Bonds Reserve Account.

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

"Operating Expenses" means the reasonable, proper and necessary costs of repair, maintenance and operation of the System and includes, without limiting the generality of the foregoing, administrative, engineering, legal, auditing and insurance expenses, other than those capitalized as part of the Costs, the 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 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 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 Bonds in the Supplemental Resolution.

"Prior Bonds" means, the Series 1994 Bonds, Series 2000 Bonds, Series 2005 A Bonds, Series 2005 B Bonds and Series 2008 A Bonds.

"Prior Resolutions" means the resolutions and supplemental resolutions of the Issuer authorizing the issuance of the Prior Bonds.

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

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

(a) Government Obligations;

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

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

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

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

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

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

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

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

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

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2013 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2013 A Bonds.

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

"RUS Bonds" means, collectively, the Series 1994 Bonds and Series 2000 Bonds.

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

"Series 1994 Bonds" means the Issuer's Water Revenue Bonds, Series 1994 (United States Department of Agriculture), dated August 18, 1994, issued in the original aggregate principal amount of $550,000.

"Series 2000 Bonds" means the Issuer's Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000.

"Series 2005 A Bonds" means the Issuer's Water Revenue Bonds, Series 2005 A Bonds (West Virginia Infrastructure Fund), dated April 19, 2005, issued in the original aggregate principal amount of $1,470,000.

"Series 2005 B Bonds" means the Issuer's Water Revenue Bonds, Series 2005 B Bonds (West Virginia DWTRF Program), dated April 19, 2005, issued in the original aggregate principal amount of $1,639,000.

"Series 2008 A Bonds" means the Issuer's Water Revenue Bonds, Series 2008 A Bonds (West Virginia Infrastructure Fund), dated April 16, 2008, issued in the original aggregate principal amount of $1,325,000.

"Series 2013 A Bonds" means the Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program) of the Issuer, authorized by this Resolution.

"Series 2013 A Bonds Reserve Account" means the Series 2013 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2013 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 2013 A Bonds in the then current or any succeeding year.

"Series 2013 A Bonds Sinking Fund" means the Series 2013 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2013 A Bonds Construction Fund" means the Series 2013 A Bonds Construction Fund established by Section 5.01 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2013 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 2013 A Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2013 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 Series 2013 A Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

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

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

"West Virginia DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $3,255,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2013 A Bonds 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 BPH.

The Cost of the Project is estimated not to exceed $3,255,000, of which approximately $1,725,000 will be obtained from proceeds of the Series 2013 A Bonds; $1,500,000 will be obtained from a Small Cities Block Grant; and $30,000 will be obtained from the proceeds of a West Virginia DHHR Design Grant.

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 2013 A Bonds, if any, funding a reserve account for the Series 2013 A Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2013 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 the Series 2013 A Bonds of the Issuer. The Series 2013 A Bonds shall be issued as a single bond, designated as "Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program)," in the principal amount of not more than $1,725,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2013 A Bonds remaining after capitalizing interest, if any, on the Series 2013 A Bonds, and funding the Series 2013 A Bonds Reserve Account (if funded from Bond proceeds) shall be deposited in or credited to the Series 2013 A Bonds Construction Fund established by Section 5.01 hereof and applied as set forth in Article VI hereof.

Section 3.02. Terms of Bonds. The Series 2013 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, 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 2013 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,

if any, on the Series 2013 A Bonds shall be paid by check or draft of the Paying Agent or its agent, mailed to the Registered Owner thereof at the address as it appears on the books of the Bond Registrar, or by such other method as shall be mutually agreeable so long as the Authority is the Registered Owner thereof.

Unless otherwise provided by the Supplemental Resolution, the Series 2013 A Bonds shall initially be issued in the form of a single bond, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal, and shall mature in principal installments, all as provided in the Supplemental Resolution. The Series 2013 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 be dated and shall bear interest as specified in a Supplemental Resolution.

Section 3.03. Execution of Bonds. The Series 2013 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 2013 A Bonds shall cease to be such officer of the Issuer before the Series 2013 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 such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Bond Registrar; Authentication and Registration. The Bond Registrar with respect to the Series 2013 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 2013 A Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 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 2013 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 Series 2013 A Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2013 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 2013 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 2013 A Bonds remain Outstanding, the Bond Registrar for the Series 2013 A Bonds shall keep and maintain books for the registration and transfer of the Series 2013 A Bonds.

The registered Series 2013 A Bonds shall be transferable only upon the books of the Bond Registrar, by the Registered Owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the Registered Owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2013 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 any Series 2013 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, register and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2013 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 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2013 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 all Series 2013 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 lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Series 2013 A Bonds, 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 2013 A Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2013 A Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2013 A Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2013 A Bonds to the original purchasers;

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

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

(v) The unqualified approving opinion of bond counsel on the Series 2013 A Bonds.

Section 3.10. Form of Bonds. The text of the Series 2013 A 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 2013 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GILMER COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2013 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 2013, GILMER COUNTY PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Gilmer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing _____ 1, 20___, to and including _____ 1, 20____ as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. The Administrative Fee of ____% (as defined in the hereinafter described Bond Legislation) shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20__, as set forth on EXHIBIT B attached hereto.

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

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 Bureau for Public Health (the "BPH"), 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 BPH, dated _____, 2013.

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

system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2013, and a Supplemental Resolution duly adopted by the Issuer on _____, 2013 (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, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S: (1) WATER REVENUE BONDS, SERIES 1994 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 18, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 1994 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2000 BONDS"); (3) WATER REVENUE BONDS, SERIES 2005 A BONDS (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 19, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,470,000 (THE "SERIES 2005 A BONDS"); (4) WATER REVENUE BONDS, SERIES 2005 B BONDS (WEST VIRGINIA DWTRF PROGRAM), DATED APRIL 19, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,639,000 (THE "SERIES 2005 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2008 A BONDS (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 16, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,325,000 (THE "SERIES 2008 A BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2013 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 2013 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and

all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding on a parity with the Bonds, including 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 (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.

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IN WITNESS WHEREOF, GILMER 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 date first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 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: _____, 2013.

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 2013 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, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the BPH the amended schedule setting forth the actual Costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

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

(3) Reserve Fund (established by Prior Resolutions for the Series 1994 Bonds);

(4) Series 2000 Bonds Reserve Account (established by Prior Resolutions); and

(5) Series 2013 A Bonds Construction Fund.

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

(1) Series 2005 A Bonds Sinking Fund (established by Prior Resolutions);

(2) Series 2005 A Bonds Reserve Account (established by Prior Resolutions);

(3) Series 2005 B Bonds Sinking Fund (established by Prior Resolutions);

(4) Series 2005 B Bonds Reserve Account (established by Prior Resolutions);

(5) Series 2008 A Bonds Sinking Fund (established by Prior Resolutions);

(6) Series 2008 A Bonds Reserve Account (established by Prior Resolutions);

(7) Series 2013 A Bonds Sinking Fund; and

(8) Series 2013 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 monies 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 all current Operating Expenses of the System.

(2) The Issuer shall next, each month, on or before the due date, remit to the National Finance Office the amount required by Prior Resolutions to pay interest on the RUS Bonds.

(3) The Issuer shall next, on the first of each month, simultaneously remit (i) to the National Finance Office the amount required by Prior Resolutions to pay principal on the RUS Bonds; (ii) to the Commission the amounts required by Prior Resolutions to pay principal on the Series 2005 A Bonds, Series 2005 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 2013 A Bonds, for deposit in the Series 2013 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2013 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 2013 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, simultaneously remit (i) to the Depository Bank the amounts required by Prior Resolutions to be deposited in the respective Reserve Accounts for the RUS Bonds; (ii) to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 2005 A Bonds, Series 2005 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 2013 A Bonds, if not fully funded upon issuance of the Series 2013 A Bonds, for deposit in the Series 2013 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2013 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2013 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 2013 A Bonds Reserve Requirement.

(5) The Issuer shall next, each month, transfer from the Revenue Fund to the Renewal and Replacement Fund (i) the amounts required in the Prior Resolutions and (ii) so long as the Series 2013 A Bonds are Outstanding, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Accounts. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 2013 A Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2013 A Bonds. Monies in the Series 2013 A Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2013 A Bonds when other monies in the Series 2013 A Bonds Sinking Fund are insufficient therefor, and for no other purpose. Whenever the monies in the Series 2013 A Bonds Reserve Account and the Series 2013 A Sinking Fund shall be sufficient to prepay the Series 2013 A Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay, at the earliest practical date and in accordance with applicable provisions hereof, the Series 2013 A Bonds and accrued interest, if any, thereon to such prepayment date.

All investment earnings on monies in the Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be returned, not less than once each year, by the Commission to the Issuer, and such amounts shall, during construction of the Project, be deposited in the Series 2013 A Bonds Construction 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 2013 A Bonds and then to the next ensuing principal payment due thereon.

Any withdrawals from the Series 2013 A Bonds Reserve Account which result in a reduction in the balance of the Series 2013 A Bonds Reserve Account to below the Series 2013 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 Prior Bonds and Series 2013 A Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional Parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2013 A Bonds Sinking Fund or the Series 2013 A Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2013 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 Prior Bonds and the Series 2013 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the BPH and the Authority.

The Commission is hereby designated as the fiscal agent for the administration of the Series 2013 A Bonds Sinking Fund and the Series 2013 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 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2013 A Bonds Sinking Fund and the Series 2013 A Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2013 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 2013 A Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. The Issuer shall also on the first day of each month (if the first day is not a business day, then the first business day of each month) deposit with the Commission the Administrative Fee, if any, as set forth in the Schedule Y attached to the Loan Agreement for the Series 2013 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, together with a copy of its payment check, to the Authority by the 5th day of such calendar month.

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

E. The Issuer shall remit 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 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 relevant provisions of the Prior Resolutions, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2013 A Bonds Construction Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2013 A Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2013 A Bonds, there shall next be deposited with the Commission in the Series 2013 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2013 A Bonds Reserve Account.

B. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2013 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2013 A Bonds Construction 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 2013 A Bonds.

C. 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 2013 A Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Fund. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2013 A Bonds will be expended and the disbursement procedures for such proceeds. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2013 A Bonds Construction Fund shall be made only after submission to and approval from the BPH of:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement for the Series 2013 A Bonds, and

(2) a certificate, signed by an Authorized Officer, as appropriate, stating that:

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

(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 2013 A Bonds Construction Fund shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2013 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2013 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 2013 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 2013 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 any Series 2013 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer, if any, to pay the Series 2013 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 2013 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 lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2013 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal 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 April 12, 2013 and Corrective Order issued April 18, 2013, which became final on April 27, 2013 per Commission Order Waiving the Exception Period, in Case No. 12-1380-PWD-CN-PC of the Public Service Commission of West Virginia and such rates are hereby adopted.

So long as the Series 2013 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 2013 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 Resolutions. Additionally, so long as the Series 2013 A Bonds are Outstanding and except as otherwise required by law

or with the written consent of the Authority and the BPH, 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 2013 A Bonds, immediately be remitted to the Commission for deposit in the Series 2013 A Bonds Sinking Fund, and, with the written permission of the Authority and the BPH, 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 2013 A Bonds. Any balance remaining after the payment of the Series 2013 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, in writing, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided 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 2013 A Bonds. All obligations issued by the Issuer after the issuance of the Series 2013 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 2013 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 2013 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 2013 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, or any other obligations related to the Project or the System.

Section 7.07. Parity Bonds So long as the Prior Bonds are Outstanding, the limitations on the issuance of parity obligations set forth in the Prior Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2013 A Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority and the BPH under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2013 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 RUS 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 RUS Bonds, representing 75% of the then-outstanding principal indebtedness.

So long as the Series 2005 A Bonds, Series 2005 B Bonds, Series 2008 A Bonds or Series 2013 A 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 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

accounts created in this Bond Legislation required for and on account of such Parity Bonds, in addition to the payments required for Bonds theretofore issued pursuant to this Bond Legislation.

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2013 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 2013A Bonds.

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

Section 7.08. Books; Records and Audit. The Issuer shall keep complete and accurate records of the cost of acquiring the Project site and the costs of acquiring, constructing and installing the Project. The Issuer shall permit the Authority and the BPH, 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 BPH 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 BPH, 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 and commencement of operation of the Project, 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 BPH, the Authority, or any other original purchaser of the Series 2013 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2013 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 payable from the revenues of the System Outstanding.

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants (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 2013 A Bonds, and shall submit said report to the Authority, or any other original purchaser of the Series 2013 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.

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 BPH, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority and the BPH, 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 BPH with respect to the System pursuant to the Act.

Section 7.09. Rates. Prior to the issuance of the Series 2013 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 2013 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Prior Bonds; provided that, in the event amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2013 A Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2013 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 2013 A Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2013 A Bonds, including the Prior Bonds. In any event, subject to any requirements of law, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

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 BPH 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, which finding 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. The Issuer shall mail copies of such annual budget and all resolutions authorizing increased expenditures for operation and maintenance to the Authority and the BPH 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, 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 BPH 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 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 BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and the BPH 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 BPH, 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 BPH, 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 DWTRF Regulations, to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the Issuer 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 BPH in writing of the certified operator employed at the 50% completion stage.

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

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

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

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

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

Section 7.15. Insurance and Construction Bonds A. The Issuer hereby covenants and agrees that so long as the Series 2013 A Bonds remain Outstanding, the Issuer will, as an Operating Expense, procure, carry and maintain insurance with a reputable insurance carrier or carriers as is customarily covered with respect to works and properties similar to the System. Such insurance shall initially cover the following risks and be in the following amounts:

(1) FIRE, LIGHTNING, VANDALISM, MALICIOUS MISCHIEF AND EXTENDED COVERAGE INSURANCE, on all above-ground insurable portions of the System in an amount equal to the actual cost thereof. In time of war the Issuer will also carry and maintain insurance to the extent available against the risks and

hazards of war. The proceeds of all such insurance policies shall be placed in the Renewal and Replacement Fund and used only for the repairs and restoration of the damaged or destroyed properties or for the other purposes provided herein for the Renewal and Replacement Fund. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance (fire and extended coverage) to protect the interests of the Issuer, the Authority, the prime contractor and all subcontractors as their respective interests may appear, in accordance with the 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) WORKERS' 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 workers' 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 BPH and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Section 7.17. Completion, 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 2013 A Bonds are Outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the BPH necessary for the financing, acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2013 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal and the Issuer shall provide an opinion of counsel to such effect.

Section 7.18. Reserved.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2013 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 2013 A Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior 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 BPH with copies of all documents submitted to the Authority. The Issuer also agrees to comply with all applicable laws, rules, regulations, the applicable Cross Cutter Authorities and all applicable local ordinances issued by the Authority, the BPH or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Virginia in the manner prescribed by and the guidelines established by the Authority and the Public Service Commission of West Virginia.

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

Section 7.22. Contracts; Change Orders; Public Release.

A. The Issuer shall, simultaneously with the delivery of the Series 2013 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 BPH for written approval. The Issuer shall obtain the written approval of the BPH before expending any proceeds of the Series 2013 A 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 BPH before expending any proceeds of the Series 2013 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 BPH 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, 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 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 2013 A Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2013 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 2013 A Bonds as a condition to issuance of the Series 2013 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 2013 A Bonds as may be necessary in order to maintain the status of the Series 2013 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 2013 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 BPH, as the case may be, from which the proceeds of the Series 2013 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 2013 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 2013 A Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2013 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 2013 A Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2013 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 any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2013 A Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2013 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2013 A Bonds, or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2013 A Bonds shall be on a parity with each other and with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2013 A Bonds 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 the Series 2013 A Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2013 A Bonds and interest and the deposits into the funds and accounts hereby

established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2013 A Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2013 A Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 2013 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 2013 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 2013 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 2013 A Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2013 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 2013 A Bonds shall be made without the consent in writing of the Registered Owners of the Series 2013 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 Series 2013 A Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability of interest, if any, on the Series 2013 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 2013 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 2013 A Bonds.

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

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

ISSUER:

Gilmer County Public Service District
P.O. Box 729
Glenville, West Virginia 26351
Attention: Chairman

AUTHORITY:

Water Development Authority
1009 Bullitt Street
Charleston, West Virginia 25301
Attention: Director

BPH:

West Virginia Bureau for Public Health
350 Capitol Street, Room 313
Charleston, West Virginia 25301
Attention: Environmental Engineering

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

Section 11.06. Conflicting Provisions Repealed; Prior Resolutions Except for the Prior Resolutions, all orders, ordinances or resolutions, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Resolutions. In the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are Outstanding.

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

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Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 13th day of May, 2013.

William R. Stalnaker

Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GILMER COUNTY PUBLIC SERVICE DISTRICT on the 13th day of May, 2013.

Dated: May 24, 2013.

[SEAL]

Brenda Lawson

Secretary

329470.00004

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA DWTRF PROGRAM) OF GILMER COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING 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 Gilmer County Public Service District (the "Issuer") has duly and officially adopted a bond resolution, on May 13, 2013 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF GILMER COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,725,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE 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 meanings set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of the Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), of the Issuer, in the aggregate principal amount not to exceed $1,725,000 (the "Series 2013 A Bonds" or the "Bonds") and has authorized the execution and delivery of the Loan Agreement relating to the Series 2013 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH") (the "Loan Agreement"), all in accordance with Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the 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 entered into 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 and the sale prices 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 GILMER 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 Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,725,000. The Series 2013 A Bonds shall be dated the date of delivery thereof, shall finally mature December 1, 2044, and shall bear no interest. The principal of the Series 2013 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2015, to and including December 1, 2044, and in the amounts as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Series 2013 A Bonds. The Series 2013 A Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, 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 2013 A Bonds. The Administrative Fee of 1% (as defined in the Bond Legislation) on this Bond shall be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing March 1, 2015.

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, ratify, approve 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 applications to the BPH 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 will 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 United Bank, Inc., Glenville, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2013 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2013 A Bonds Reserve Account.

Section 8. The balance of the proceeds of the Series 2013 A Bonds shall be deposited in or credited to the Series 2013 A Bonds Construction Fund as received from time to time for payment of Costs of the Project, including, without limitation, costs of issuance of the Series 2013 A Bonds and related costs.

Section 9. 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 hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about May 24, 2013.

Section 10. 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 11. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 12. The Issuer does hereby approve and accept the Special Conditions attached hereto as Exhibit A.

Section 13. This Supplemental Resolution shall be effective immediately following adoption hereof.

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Adopted this 13th day of May, 2013.

GILMER COUNTY PUBLIC SERVICE DISTRICT

By: William R. Stalnaker
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of GILMER COUNTY PUBLIC SERVICE DISTRICT on the 13th day of May, 2013.

Dated: May 24, 2013.

[SEAL]

Brenda Lawson

Secretary

329470.00004

EXHIBIT A
SPECIAL CONDITIONS

CHANGE ORDER APPROVAL – Prior to the BPH advancing any funds under the Schedule B - Line Item Construction Change Order ($389,942), the Local Entity shall either obtain the items or provide the items listed below:

1. approved plans and specifications for the change in scope change order;
2. user sign-ups for the change order area;
3. all permit modifications;
4. all environmental and SHIPO clearances and approvals;
5. PSC Order approving change in scope of the Project;
6. Glenville water sufficiency confirmation;
7. final Title Opinion for the change order area; and
8. an expenditure schedule(s) reflecting the legal, accounting, engineering, permits and construction costs related to the change order.

DWTRF
(05/13)

LOAN AGREEMENT

THIS DRINKING WATER TREATMENT REVOLVING FUND LOAN AGREEMENT (the "Loan Agreement"), made and entered into in several counterparts, by and between the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY, a governmental instrumentality and body corporate of the State of West Virginia (the "Authority"), acting under the direction of the WEST VIRGINIA BUREAU FOR PUBLIC HEALTH, a division of the West Virginia Department of Health and Human Resources (the "BPH"), and the local entity designated below (the "Local Entity").

GILMER COUNTY PUBLIC SERVICE DISTRICT (2010W-1177/11DWTRFB012)
(Local Entity)

W I T N E S S E T H:

WHEREAS, the United States Congress under Section 1452 of the Safe Drinking Water Act, as amended (the "Safe Drinking Water Act"), has provided for capitalization grants to be awarded to states for the express purpose of establishing and maintaining drinking water treatment revolving funds for the construction, acquisition and improvement of drinking water systems;

WHEREAS, pursuant to the provisions of Chapter 16, Article 13C of the Code of West Virginia, 1931, as amended (the "Act"), the State of West Virginia (the "State") has established a drinking water treatment revolving fund program (the "Program") to direct the distribution of loans to eligible Local Entities pursuant to the Safe Drinking Water Act;

WHEREAS, under the Act the BPH is designated the instrumentality to enter into capitalization agreements with the United States Environmental Protection Agency ("EPA") to accept capitalization grant awards (U.S. General Services Administration; Catalog of Federal Domestic Assistance, 32nd Edition §66.468 (1998)) and BPH has been awarded capitalization grants to partially fund the Program;

WHEREAS, the Act establishes a permanent perpetual fund known as the "West Virginia Drinking Water Treatment Revolving Fund" (hereinafter the "Fund"), which fund is to be administered and managed by the Authority under the direction of the BPH;

WHEREAS, pursuant to the Act, the Authority and BPH are empowered to make loans from the Fund to Local Entities for the design, acquisition or construction of drinking water projects by such Local Entities, all subject to such provisions and limitations as are contained in the Safe Drinking Water Act and the Act;

WHEREAS, the Local Entity constitutes a local entity as defined by the Act;

WHEREAS, the Local Entity is included on the BPH State Project Priority List and the Intended Use Plan and has met BPH's pre-application requirements for the Program;

WHEREAS, the Local Entity is authorized and empowered by the statutes of the State to acquire, construct, improve, operate and maintain a drinking water project and to finance the cost of acquisition and construction of the same by borrowing money to be evidenced by revenue bonds issued by the Local Entity;

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

WHEREAS, the Local Entity has completed and filed with the Authority and BPH 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 the Fund having available sufficient funds therefor, the Authority and BPH are willing to lend the Local Entity the amount set forth on Schedule X attached hereto and incorporated herein by reference, through the purchase of revenue bonds of the Local Entity with moneys held in the Fund, subject to the Local Entity's satisfaction of certain legal and other requirements of the Program.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the Local Entity, BPH and the Authority hereby agree as follows:

ARTICLE I

Definitions

1.1 Except where the context clearly indicates otherwise, the terms "Authority," "cost," "fund," "local entity," and "project" have the definitions and meanings ascribed to them in the Act or in the DWTRF Regulations.

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

1.3 "Cross Cutter Authorities" means federal laws and authorities that apply by their terms to projects or activities receiving federal assistance.

1.4 "Loan" means the loan to be made by the Authority and BPH to the Local Entity through the purchase of Local Bonds, as hereinafter defined, pursuant to this Loan Agreement.

1.5 "Local Act" means the official action of the Local Entity required by Section 4.1 hereof, authorizing the Local Bonds.

1.6 "Local Bonds" means the revenue bonds to be issued by the Local Entity pursuant to the provisions of the Local Statute, as hereinafter defined, to evidence the Loan and to be purchased by the Authority with money held in the Fund, all in accordance with the provisions of this Loan Agreement.

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

1.8 "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.

1.9 "Program" means the drinking water facility acquisition, construction and improvement program coordinated through the capitalization grants program established under the Safe Drinking Water Act and administered by BPH.

1.10 "Project" means the drinking water project hereinabove referred to, to be constructed or being constructed by the Local Entity in whole or in part with the net proceeds of the Local Bonds or being or having been constructed by the Local Entity 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.

1.11 "DWTRF Regulations" means the regulations set forth in the West Virginia Code of State Regulations.

1.12 "System" means the drinking water system owned by the Local Entity, 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.

1.13 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 design, 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 Local Entity by the Consulting Engineers, the BPH and Authority having found, to the extent applicable, that the Project is consistent with the applicable provisions of the Program.

2.2 Subject to the terms, conditions and provisions of this Loan Agreement and the Local Act, the Local Entity 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 Local Entity 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 Local Entity, 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 BPH and the Authority.

2.4 The Local Entity agrees that the Authority and BPH and their respective 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 Local Entity further agrees that the Authority and BPH and their respective duly authorized agents shall, prior to, during and after completion of construction and commencement of operation of the Project, have such rights of access to the System site and System facilities as may be reasonably necessary to accomplish all of the powers and rights of the Authority and BPH with respect to the System pursuant to the pertinent provisions of the Act.

2.5 The Local Entity 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 Local Entity shall permit the Authority and BPH, acting by and through their directors or 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 Local Entity shall submit to the Authority and BPH 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 Local Entity agrees that it will permit the Authority and BPH and their respective agents to have access to the records of the Local Entity 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 Local Entity shall require that each construction contractor furnish a performance bond and a payment bond, each in an amount at least equal to one hundred percent (100%) of the contract price of the portion of the Project covered by the particular contract, as security for the faithful performance of such contract and shall verify or have verified such bonds prior to commencement of construction.

2.8 The Local Entity 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 BPH

and shall verify or have verified such insurance prior to commencement of construction. Until the Project facilities are completed and accepted by the Local Entity, the Local Entity or (at the option of the Local Entity) 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 Local Entity, 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 Local Entity on or before the Date of Loan Closing, as hereinafter defined, and maintained so long as any of the Local Bonds are outstanding. Prior to commencing operation of the Project, the Local Entity must also obtain, and maintain so long as any of the Local Bonds are outstanding, business interruption insurance if available at a reasonable cost.

2.9 The Local Entity shall provide and maintain competent and adequate engineering services satisfactory to the Authority and BPH 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, BPH and the Local Entity 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. The Local Entity shall require the Consulting Engineers to submit Recipient As-Built Plans, as defined in the DWTRF Regulations, to it within 60 days of the completion of the Project. The Local Entity shall notify BPH in writing of such receipt.

2.10 The Local Entity shall at all times provide operation and maintenance of the System in compliance with any and all State and federal standards. The Local Entity shall employ qualified operating personnel properly certified by the State. If the Local Entity is a newly established water system, the Local Entity must employ qualified operating personnel properly certified by the State before the Project is 50% complete and shall retain such a certified operator(s) to operate the System during the entire term of this Loan Agreement. The newly established Local Entity shall notify BPH in writing of the certified operator employed at the 50% completion stage.

2.11 The Local Entity hereby covenants and agrees to comply with all applicable federal and state statutes, rules and regulations, the applicable requirements of all Cross Cutter Authorities and all applicable local ordinances issued by the Authority,

BPH 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 Local Entity, commencing on the date contracts are executed for the acquisition or construction of the Project, shall each month complete a Monthly Financial Report, the form of which is attached hereto as Exhibit A and incorporated herein by reference, and forward a copy by the 10th of each month to the Authority and BPH.

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

2.14 The Local Entity shall perform an annual maintenance audit which maintenance audit shall be submitted to the Authority and the Public Service Commission of West Virginia in the manner prescribed by and the guidelines established by the Authority and the PSC.

ARTICLE III

Conditions to Loan; Issuance of Local Bonds

3.1 The agreement of the Authority and BPH to make the Loan is subject to the Local Entity's fulfillment, to the satisfaction of the Authority and BPH, 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 Local Entity shall have delivered to BPH and the Authority a report listing the specific purposes for which the proceeds of the Loan will be expended;

(b) The Local Entity shall have performed and satisfied all of the terms and conditions to be performed and satisfied by it in this Loan Agreement;

(c) The Local Entity 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;

(d) The Local Entity 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 Local Entity must either be constructing or have constructed its Project for a cost and as otherwise compatible with the plan of financing described in the Application; and, in either case, the Authority and BPH shall have received a certificate of the Consulting Engineers to such effect, the form of which certificate is attached hereto as Exhibit B;

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

(f) The Local Entity 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 and BPH shall have received an opinion of counsel to the Local Entity, which may be local counsel to the Local Entity, bond counsel or special PSC counsel but must be satisfactory to the Authority and BPH, to such effect;

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

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

and BPH shall have received a certificate of the accountant for the Local Entity, or such other person or firm experienced in the finances of local entities and satisfactory to the Authority and BPH, to such effect;

(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 and BPH shall have received a certificate of the Consulting Engineers, or such other person or firm experienced in the financing of drinking water projects and satisfactory to the Authority and BPH, to such effect, such certificate to be in form and substance satisfactory to the Authority and BPH, and evidence satisfactory to the Authority and BPH of such irrevocably committed grants; and

(k) The Local Entity shall have obtained 100% of the titles, easements and rights-of-way, or shall have received rights-of-entry for the same and the Authority and BPH shall receive an opinion of counsel to the Local Entity, satisfactory to the Authority and BPH, to such effect.

3.2 Subject to the terms and provisions of this Loan Agreement, the rules and regulations promulgated by the BPH, including the DWTRF Regulations, 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 Local Entity and the Local Entity shall accept the Loan from the Authority, and in furtherance thereof it is agreed that the Local Entity 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 Local Entity 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, BPH and the Local Entity. 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.

3.5 The Local Entity understands and acknowledges that it is one of several local entities which have applied to the Authority and BPH for loans from the Fund to finance drinking water projects and that the obligation of the Authority to make any such loan is subject to the Local Entity's fulfilling all of the terms and conditions of this Loan Agreement on or prior to the Date of Loan Closing and to the requirements of the Program. The Local Entity specifically recognizes that the Authority will not purchase the Local Bonds unless and until sufficient funds are available in the Fund to purchase all the Local Bonds and that, prior to execution of this Loan Agreement, the Authority may purchase the bonds of other local entities set out in the State Project Priority List, as defined in the DWTRF Regulations. The Local Entity further specifically recognizes that all loans will be originated in conjunction with the DWTRF Regulations and with the prior approval of BPH or such later date as is agreed to in writing by the BPH.

3.6 The Local Entity shall provide BPH with the appropriate documentation to comply with the special conditions regarding the special requirements established by federal and State regulations as set forth in Exhibit C attached hereto at such times as are set forth therein.

3.7 The Local Entity shall comply with the following conditions:

(a) The Local Entity shall develop and implement an asset management plan in accordance with BPH guidelines and approved by BPH.

(b) The Local Entity shall comply with Title 40 CFR Part 34, New Restrictions on Lobbying.

(c) The Local Entity shall comply with Section 6002 of the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. 6962). Regulations issued under RCRA Section 6002 apply to any acquisition of an item where the purchase price exceeds $10,000 or where the quantity of such items acquired in the course of the preceding fiscal year was $10,000 or more. RCRA Section 6002 requires that preference be given in procurement programs to the purchase of specific products containing recycled materials identified in guidelines developed by EPA. These guidelines are listed in 40 CFR 247.

(d) The Local Entity shall comply with Subpart C of 2 CFR Part 180 and 2 CFR Part 1532, entitled "Responsibilities of Participants Regarding Transactions (Doing Business with Other Persons). To the extent required by BPH, the Local Entity shall provide certifications as to compliance.

(e) The Local Entity shall comply with all requests for data related to the use of the funds provided under this agreement.

(f) The Local Entity shall allow any appropriate representative of the Office of US Inspector General to (1) examine its records relating to the Project and this Agreement and (2) interview any officer or employee of the Local Entity.

(g) The Local Entity must promptly refer to EPA's Inspector General any credible evidence that a principal, employee, agent, sub-grantee contractor, subcontractor, loan recipient, or other person has submitted a false claim under the False Claims Act or has committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving funds provided under this Agreement.

(h) The Local Entity shall not use funds for particular activities for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

(i) The Local Entity shall require that all laborers and mechanics employed by its contractors and subcontractors be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor (DOL) in accordance with subchapter IV of chapter 31 of title 40, United States Code. The Local Entity must require that contractors and subcontractors obtain wage determinations from DOL and comply with DOL guidance and regulations implementing wage rate requirements.

(j) Pursuant to 40 CFR, Section 33.301, the Local Entity agrees to make Disadvantage Business Enterprise (DBE) good faith efforts whenever procuring construction, equipment, services and supplies, and to require that prime contractors also comply. The Local Entity shall provide BPH with DBE participation reports quarterly.

(k) The Local Entity shall comply with Title VI of the Civil Rights Act of 1964, Section 504 of the Rehabilitation Act of 1973, Title IX of the Education Amendments of 1972, the Age Discrimination Act of 1975, and a variety of program-specific statutes with nondiscrimination requirements. The Local Entity shall also comply with Title VII of the Civil Rights Act of 1964 (prohibiting race, color,

national origin, religion, and sex discrimination in employment), the Americans with Disabilities Act (prohibiting disability discrimination in employment and in services provided by State and Local Entities, businesses, and non-profit agencies), and the Fair Housing Act (prohibiting race, color, national origin, age, family status, and disability discrimination in housing), as well as any other applicable civil rights laws.

ARTICLE IV

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

4.1 The Local Entity shall, as one of the conditions of the Authority and BPH to make the Loan, authorize the issuance of and issue the Local Bonds pursuant to an official action of the Local Entity in accordance with the Local Statute, which shall, as adopted or enacted, contain provisions and covenants in substantially the form as follows:

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

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

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

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

Provided that if the Local Entity 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, as applicable, of the System as provided 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 Local Entity will complete the Project and operate and maintain the System in good condition;

(iv) That, except as otherwise required by State law or the DWTRF Regulations, 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 from such sale, mortgage, lease or other disposition shall be sufficient to fully pay all of the Local Bonds outstanding and further provided that portions of the System when no longer required for the ongoing operation of the System as evidenced by certificates from the Consulting Engineer, may be disposed of with such restrictions as are normally contained in such covenants;

(v) That the Local Entity 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;

(vi) That the Local Entity 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 Local Entity 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 Local Entity 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 and all rights as set forth in Section 5 of the Act;

(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 Local Entity will not grant any franchise to provide any services which would compete with the System;

(xi) That the Local Entity shall annually, within six months of the end of the fiscal year, 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. If the Local Entity receives $500,000 or more (in any combination of federal funds) in a fiscal year, the audit shall be obtained in accordance with the Single Audit Act (as amended from time to time) and the applicable

OMB Circular (or any successor thereto). Financial statement audits are required once all funds have been received by the Local Entity. The audit 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 Local Entity's revenues are adequate to meet its Operating Expenses and debt service and reserve requirements;

(xii) That the Local Entity 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, advanced from time to time, 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 Local Entity 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 funding of such Local Entity, the proceeds of which were used to finance the construction of the Project; provided that, with the prior written consent of the BPH, 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 Local Entity may authorize redemption of the Local Bonds with 30 days written notice to BPH and the Authority;

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

(xvii) That the Local Entity 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 Local Entity 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. The Local Entity shall make monthly payments to the Commission by electronic transfer;

(xviii) That, if required by the Authority and BPH and, 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 Local Entity will furnish to the Authority, annually, at such time as it is required to perform its rebate calculations under the Internal Revenue Code of 1986, as amended, a certificate with respect to its rebate calculations and, at any time, any additional information requested by the Authority;

(xix) That the Local Entity shall have obtained the certificate of the Consulting Engineers to the effect that the Project has been or will be constructed in accordance with the approved plans, specifications and design as submitted to the Authority and BPH, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority and BPH 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 Local Entity shall, to the full extent permitted by applicable law and the rules and regulations of the PSC, terminate its services to any customer of the System who is delinquent in payment of charges for services provided by the System and will not restore such services until all delinquent charges for the services of the System have been fully paid; and

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

The Local Entity 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 nationally recognized bond counsel acceptable to the Authority in substantially the form of legal opinion attached hereto as Exhibit E.

4.2 The Loan shall be secured by the pledge and assignment by the Local Entity, as effected by the Local Act, of the fees, charges and other revenues of the Local Entity from the System.

4.3 At least two and one-half percent (2½%) of the proceeds of the Local Bonds will be advanced on the Date of Loan Closing. The remaining proceeds of the Local Bonds shall be advanced by the Authority monthly as required by the Local Entity to pay Costs of the Project, provided, however, if the proceeds of the Local Bonds will be used to repay an interim financing, the proceeds will be advanced on a schedule mutually agreeable to the Local Entity, the BPH and the Authority. The Local Bonds shall not bear interest during the construction period but interest shall commence accruing on the completion date as defined in the DWTRF Regulations, provided that the annual repayment of principal and payment of interest shall begin not later than one (1) year after the completion date. The repayment of principal and interest on the Local Bonds shall be as set forth on Schedule Y 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.

4.4 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 Local Entity. Anything to the contrary herein notwithstanding, the Local Bonds may be issued in one or more series.

4.5 As provided by the DWTRF Regulations, the Local Entity agrees to pay from time to time, if required by the Authority and BPH, the Local Entity's allocable share of the reasonable administrative expenses of the BPH and the Authority relating to the Program. Such administrative expenses shall be determined by the BPH and the Authority and shall include, without limitation, Program expenses, legal fees paid by the BPH and the Authority and fees paid for any bonds or notes to be issued by the Authority for contribution to the Fund.

4.6 The obligation of the Authority to make any loans shall be conditioned upon the availability of moneys in the Fund in such amount and on such terms and conditions as, in the sole judgment of the Authority, will enable it to make the Loan.

ARTICLE V

Certain Covenants of the Local Entity; Imposition and Collection of User Charges;

Payments To Be Made by
Local Entity to the Authority

5.1 The Local Entity hereby irrevocably covenants and agrees to comply with all of the terms, conditions and requirements of this Loan Agreement and the Local Act. The Local Entity 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 Local Entity 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 Local Entity defaults in any payment due to the Authority pursuant to this Loan Agreement, the amount of such default shall bear interest at the interest rate of the installment of the Loan next due, from the date of the default until the date of the payment thereof.

5.4 The Local Entity hereby irrevocably covenants and agrees with the Authority that, in the event of any default hereunder by the Local Entity, the Authority may exercise any or all of the rights and powers granted under Section 5 of the Act, including, without limitation, the right to impose, enforce and collect charges of the System.

ARTICLE VI

Other Agreements of the
Local Entity

6.1 The Local Entity hereby acknowledges to the Authority and BPH its understanding of the provisions of the Act, vesting in the Authority and BPH certain powers, rights and privileges with respect to drinking water projects in the event of

default by local entities in the terms and covenants of this Loan Agreement, and the Local Entity hereby covenants and agrees that, if the Authority should hereafter have recourse to said rights and powers, the Local Entity 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 Local Entity hereby warrants and represents that all information provided to the Authority and BPH in this Loan Agreement, in the Application or in any other application or documentation with respect to financing the Project was at the time, and now is, true, correct and complete, and such information does not omit any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. Prior to the Authority's making the Loan and receiving the Local Bonds, the Authority and BPH shall have the right to cancel all or any of their obligations under this Loan Agreement if (a) any representation made to the Authority and BPH by the Local Entity in connection with the Loan shall be incorrect or incomplete in any material respect or (b) the Local Entity 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, the DWTRF Regulations or this Loan Agreement.

6.3 The Local Entity hereby agrees to repay on or prior to the Date of Loan Closing any moneys due and owing by it to the Authority or any other lender for the planning or design of the Project, provided that such repayment shall not be made from the proceeds of the Loan.

6.4 The Local Entity hereby covenants that, if required by the Authority, 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 Local Entity fails to make any such rebates as required, then the Local Entity 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 their sole discretion, cause the rebate calculations prepared by or on behalf of the Local Entity to be monitored or cause the rebate calculations for the Local Entity to be prepared, in either case at the expense of the Local Entity.

6.6 The Local Entity 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 Local Entity hereby agrees to file with the Authority upon completion of acquisition and construction of the Project a schedule setting forth the actual costs of the Project and sources of funds.

ARTICLE VII

Miscellaneous

7.1 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 Local Entity supplementing the Local Act, a certified copy of which official action shall be submitted to the Authority.

7.2 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.

7.3 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.

7.4 No waiver by any 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.

7.5 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.

7.6 By execution and delivery of this Loan Agreement, notwithstanding the date hereof, the Local Entity 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.

7.7 This Loan Agreement shall terminate upon the earlier of:

(i) written notice of termination to the Local Entity from either the Authority or BPH;

(ii) 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 BPH if the Local Entity has failed to deliver the Local Bonds to the Authority;

(iii) termination by the Authority and BPH pursuant to Section 6.2 hereof; or

(iv) payment in full of the principal of and interest on the Loan and of any fees and charges owed by the Local Entity to the Authority or BPH.

In the event funds are not available to make all of the Loan, the responsibility of the Authority and BPH to make all the Loan is terminated; provided further that the obligation of the Local Entity to repay the outstanding amount of the Loan made by the Authority and BPH is not terminated due to such non-funding on any balance of the Loan. The BPH agrees to use its best efforts to have the amount contemplated under this Loan Agreement included in its budget. Non-funding of the Loan shall not be considered an event of default under this Loan Agreement.

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.

GILMER COUNTY PUBLIC SERVICE DISTRICT

(SEAL)

By: William R. Stalnaker
Its: Chairman
Date: May 24, 2013

Attest:

Brenda Lawson
Its: Secretary

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

(SEAL)

By: _____
Its: Executive Director
Date: May 24, 2013

Attest:

Sheila A. Miller
Its: Authorized Officer

{C2594516.1}

EXHIBIT A

Monthly Financial Report

Name of Local Entity: _____
Funding Agency Project No.: _____
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:	0	0	0	0
2. Operating Expenses: (Including Admin Fees)	0	0	0	0
3. Renewal and Replacement Fund Deposits:	0	0	0	0
	Adequate R&R Deposit	**Adequate R&R Deposit**	**Adequate R&R Deposit**	
4. ***Net Revenue: (Equation: 1-2-3)**	**0**	**0**	**0**	**0**
5. Bond Payments: (Principal and Interest)				
Type of Issue				
Clean water SRF:				0
Drinking water SRF:				0
Infrastructure Fund:				0
Water Dev. Authority:				0
Rural Utilities Service:				0
Economic Development:				0
Other: (Identify Below)				0
***Bond Payment Total:**	**0**	**0**	**0**	**0**
6.				
***Calculated Debt Coverage: (Equation: 4/6 * 100%)**	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	
7.	**#DIV/0!**	**#DIV/0!**	**#DIV/0!**	

_____
Name of Person Completing Form / Date

_____
Address

_____
Telephone Number

Please enter financial data in Grey cells. (If applicable)
*** Self Calculating Formula**

{C2594516.1}

INSTRUCTIONS FOR COMPLETING MONTHLY FINANCIAL REPORT (Exhibit A)

General Definitions

- Total Year to Date – Refers to the amount collected, spent, or deposited since the start of the current fiscal year through the current month.
- Budget Year to Date – Refers to the amount budgeted since the start of the fiscal year through current month.
- You will need a copy of the current fiscal year budget adopted by the Local Entity to complete the "Budget Year to Date" columns in Items 1 and 2.

Item 1 In Item 1, provide the amount of actual **Gross Revenues** for the current month, and the total year to date amount and budget year-to-date amount in the respective columns.

Item 2 Provide the amount of actual **Operating Expenses** for the current month, and the total year to date amount and budget year-to-date amount in the respective columns. All administrative fees should be included in the Operating Expenses.

Item 3 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 5. For example, if Gross Revenues are $1,200, then $30 (2.5% of $1,200), LESS the amount of all reserve account payments in Item 5 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 Local Entity. An error message will appear if inadequate funds are deposited.

Item 4 This number is automatically calculated.

Item 5 Provide the **Bond Payments (principal, interest and reserve account)** for all the outstanding bonds of the Local Entity according to the source of funding. Fill out the current month, total year to date, and the budget year to date columns for each bond. 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, a loan from the Water Development Authority, etc.

Item 6 This is the total bond payment that is automatically calculated by adding up all the payments in Item 5.

Item 7 This is the percentage of debt coverage that is automatically calculated from the data you entered above. The bond requirement is that at least 115% debt coverage is maintained. An error message will appear if there is inadequate coverage.

The Local Entity 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

EXHIBIT B

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 used herein and not defined herein shall have the same meaning 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 Bureau for Public Health (the "BPH"), 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 BPH and any change orders approved by the Issuer, BPH 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 schematic design for the Project began [before July 1, 2012]; (iv) 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 Schedule B attached hereto as Exhibit A, and my firm[1] has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (vii) the successful bids include prices for every item on such bid forms; (viii) the uniform bid procedures were followed; (ix) 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; (x) 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; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by BPH; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Total Cost of Project; Sources of Funds and Cost of Financing" for the Project.

WITNESS my signature and seal on this ____day of _____, _____.

[SEAL]

_____

By:

_____

West Virginia License No. _____

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

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

EXHIBIT C

SPECIAL CONDITIONS

A. PUBLIC RELEASE REQUIREMENT – The Local Entity agrees to include, when issuing statements, press releases, requests for proposals, bid solicitations, groundbreaking or project dedication program documents and other documents describing projects or programs funded in whole or in part with federal money, (1) the percentage of the total costs of the program or project which will be financed with federal money, (2) the dollar amount of federal funds for the project or program, and (3) percentage and dollar amount of the total costs of the project or program that will be financed by non-governmental sources.

B. EXHIBIT C-1 – The Local Entity shall complete the form attached as Exhibit C-1 and submit to the BPH prior to the Closing.

C. CHANGE ORDER APPROVAL – Prior to the BPH advancing any funds under the Schedule B - Line Item Construction Change Order ($389,942), the Local Entity shall either obtain the items or provide the items listed below:

1. approved plans and specifications for the change in scope change order;
2. user sign-ups for the change order area;
3. all permit modifications;
4. all environmental and SHIPO clearances and approvals;
5. PSC Order approving change in scope of the Project;
6. Glenville water sufficiency confirmation;
7. final Title Opinion for the change order area; and
8. an expenditure schedule(s) reflecting the legal, accounting, engineering, permits and construction costs related to the change order.

EXHIBIT C-1

For DHHR Use Only:
Grant Number _____

West Virginia Department of Health and Human Resources
Subrecipient (Grantee) Information Form
Please see the Instructions for Completion of the Subrecipient (Grantee) Information Form

1. Subrecipient (Grantee) Name

2. Subrecipient (Grantee) Location (Street Address, City State and Zip Code)

3. Subrecipient (Grantee) 9-Digit DUNS Number

4. Subrecipient (Grantee) Type (Please check one box only)

- ☐ State Government
- ☐ County Government
- ☐ City or Township Government
- ☐ Special District Government
- ☐ Regional Organization
- ☐ U.S. Territory or Possession
- ☐ Independent School District
- ☐ Public/State Controlled Institution of Higher Learning
- ☐ Indian/Native American Tribal Government (Federally Recognized)
- ☐ Indian/Native American Tribal Government (Other than Federally Recognized)
- ☐ Indian/Native American Tribally Designated Organization
- ☐ Public/Indian Housing Authority
- ☐ Nonprofit with 501C3 IRS Status (Other than Institution of Higher Education)
- ☐ Nonprofit without 501C3 IRS Status (Other than Institution of Higher Education)
- ☐ Private Institution of Higher Education
- ☐ Individual
- ☐ For-Profit Business (Other than Small Business)
- ☐ Small Business
- ☐ Hispanic-serving Institution
- ☐ Historically Black Colleges and Universities (HBCUs)
- ☐ Tribally Controlled Colleges and Universities (TCCUs)
- ☐ Alaska Native and Native Hawaiian Serving Institutions
- ☐ Non-domestic (non-US) entity
- ☐ Other (Please explain) _____

5. Primary Performance Location (Street Address, City State and Zip Code)

6. Names, Titles and Total Compensation for the 5 Most Highly Compensated Officers

Officer Name	*Title*	*Total Compensation*

NOTE: This form must be signed by an individual no lower than the Executive Director or Chief Financial Officer.

Printed Name _____ Title _____

Signature _____ Date _____ Phone # _____

DHHR Finance A-1000

EXHIBIT D

MONTHLY PAYMENT FORM

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

Re: [Name of bond issue]

Ladies and Gentlemen:

The following deposits were made to the West Virginia Municipal Bond Commission

on behalf of _____ on _____.
[Local Entity] [Date]

Sinking Fund:

Interest $_____

Principal $_____

Total: $_____

Reserve Account: $_____

Witness my signature this ___ day of _____.

_____
[Name of Local Entity]

By: _____
Authorized Officer

Enclosure: wire transfer form

{C2594516.1}

EXHIBIT E

OPINION OF BOND COUNSEL FOR LOCAL ENTITY

[To Be Dated as of Date of Loan Closing]

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, WV 25301

West Virginia Bureau for Public Health
350 Capitol Street, Room 313
Charleston, WV 25301-3713

Ladies and Gentlemen:

We are bond counsel to _____(the "Local Entity"), a _____.

We have examined a certified copy of proceedings and other papers relating to the authorization of a (i) loan agreement dated _____, including all schedules and exhibits attached thereto (the "Loan Agreement"), between the Local Entity and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), and (ii) the issue of a series of revenue bonds of the Local Entity, 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 principal and interest payable quarterly on March 1, June 1, September 1, and December 1 of each year, beginning _____1, ____, and ending _____1, ____, all 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 Local Entity on _____, as supplemented by the supplemental resolution duly adopted by the Local Entity 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 Local Entity and is a valid and binding special obligation of the Local Entity, enforceable in accordance with the terms thereof.

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

3. The Local Entity 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 Local Entity and constitute valid and binding obligations of the Local Entity, enforceable against the Local Entity 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 Local Entity to the Authority and are valid, legally enforceable and binding special obligations of the Local Entity, payable from the gross or net revenues of the System set forth in the Local Act and secured by a first lien on and pledge of the gross or net 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 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,

SCHEDULE X

DESCRIPTION OF LOCAL BONDS

Principal Amount of Local Bonds	$1,725,000
Purchase Price of Local Bonds	$1,725,000

The Local Bonds shall bear no interest. Commencing March 1, 2015, principal of the Local Bonds is payable quarterly, with an administrative fee of 1%. Quarterly payments will be made on March 1, June 1, September 1 and December 1 of each year as set forth on the Schedule Y attached hereto and incorporated herein by reference.

The Local Entity shall submit its payments monthly to the Commission with instructions that the Commission will make quarterly payments to the Authority at such address as is given to the Commission in writing by the Authority. If the Reserve Account is not fully funded at closing, the Local Entity shall commence the payment of the 1/120 of the maximum annual debt service on the first day of the month it makes its first monthly payment to the Commission. The Local Entity shall instruct the Commission to notify the Authority of any monthly payments which are not received by the 20th day of the month in which the payment was due.

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

The Local Entity may prepay the Local Bonds in full at any time at the price of par upon 30 days' written notice to the Authority and BPH. The Local Entity shall request approval from the Authority and BPH in writing of any proposed debt which will be issued by the Local Entity 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 Local Entity:

(1) Gilmer County Public Service District Water Revenue Bonds, Series 1994 (United States Department of Agriculture), dated August 18, 1994, issued in the original aggregate principal amount of $550,000;

(2) Gilmer County Public Service District Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000;

(3) Gilmer County Public Service District Water Revenue Bonds, Series 2005 A Bonds (West Virginia Infrastructure Fund), dated April 19, 2005, issued in the original aggregate principal amount of $1,470,000;

(4) Gilmer County Public Service District Water Revenue Bonds, Series 2005 B Bonds (West Virginia DWTRF Program), dated April 19, 2005, issued in the original aggregate principal amount of $1,639,000; and

(5) Gilmer County Public Service District Water Revenue Bonds, Series 2008 A Bonds (West Virginia Infrastructure Fund), dated April 16, 2008, issued in the original aggregate principal amount of $1,325,000.

Number of New Customers To Be Served: 86
Location: Coxs Mills, Wolf Pen and Alice Road areas.

SCHEDULE Y
DEBT SERVICE SCHEDULE

Net Debt Service
Gilmer Public Service District
DWTRF
$1,725,000
0% Interest Rate
1% Administrative Fee
30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
3/1/2015	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2015	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2015	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2015	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2016	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2016	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2016	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2016	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2017	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2017	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2017	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2017	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2018	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2018	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2018	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2018	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2019	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2019	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2019	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2019	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2020	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2020	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2020	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2020	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2021	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2021	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2021	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2021	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2022	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2022	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2022	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2022	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2023	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2023	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2023	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2023	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2024	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2024	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2024	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2024	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2025	14,375		14,375	2,174.22		16,549.22
6/1/2025	14,375		14,375	2,174.22		16,549.22
9/1/2025	14,375		14,375	2,174.22		16,549.22
12/1/2025	14,375		14,375	2,174.22		16,549.22
3/1/2026	14,375		14,375	2,174.22		16,549.22
6/1/2026	14,375		14,375	2,174.22		16,549.22

Net Debt Service

Gilmer Public Service District

DWTRF

$1,725,000

0% Interest Rate

1% Administrative Fee

30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
9/1/2026	14,375		14,375	2,174.22		16,549.22
12/1/2026	14,375		14,375	2,174.22		16,549.22
3/1/2027	14,375		14,375	2,174.22		16,549.22
6/1/2027	14,375		14,375	2,174.22		16,549.22
9/1/2027	14,375		14,375	2,174.22		16,549.22
12/1/2027	14,375		14,375	2,174.22		16,549.22
3/1/2028	14,375		14,375	2,174.22		16,549.22
6/1/2028	14,375		14,375	2,174.22		16,549.22
9/1/2028	14,375		14,375	2,174.22		16,549.22
12/1/2028	14,375		14,375	2,174.22		16,549.22
3/1/2029	14,375		14,375	2,174.22		16,549.22
6/1/2029	14,375		14,375	2,174.22		16,549.22
9/1/2029	14,375		14,375	2,174.22		16,549.22
12/1/2029	14,375		14,375	2,174.22		16,549.22
3/1/2030	14,375		14,375	2,174.22		16,549.22
6/1/2030	14,375		14,375	2,174.22		16,549.22
9/1/2030	14,375		14,375	2,174.22		16,549.22
12/1/2030	14,375		14,375	2,174.22		16,549.22
3/1/2031	14,375		14,375	2,174.22		16,549.22
6/1/2031	14,375		14,375	2,174.22		16,549.22
9/1/2031	14,375		14,375	2,174.22		16,549.22
12/1/2031	14,375		14,375	2,174.22		16,549.22
3/1/2032	14,375		14,375	2,174.22		16,549.22
6/1/2032	14,375		14,375	2,174.22		16,549.22
9/1/2032	14,375		14,375	2,174.22		16,549.22
12/1/2032	14,375		14,375	2,174.22		16,549.22
3/1/2033	14,375		14,375	2,174.22		16,549.22
6/1/2033	14,375		14,375	2,174.22		16,549.22
9/1/2033	14,375		14,375	2,174.22		16,549.22
12/1/2033	14,375		14,375	2,174.22		16,549.22
3/1/2034	14,375		14,375	2,174.22		16,549.22
6/1/2034	14,375		14,375	2,174.22		16,549.22
9/1/2034	14,375		14,375	2,174.22		16,549.22
12/1/2034	14,375		14,375	2,174.22		16,549.22
3/1/2035	14,375		14,375	2,174.22		16,549.22
6/1/2035	14,375		14,375	2,174.22		16,549.22
9/1/2035	14,375		14,375	2,174.22		16,549.22
12/1/2035	14,375		14,375	2,174.22		16,549.22
3/1/2036	14,375		14,375	2,174.22		16,549.22
6/1/2036	14,375		14,375	2,174.22		16,549.22
9/1/2036	14,375		14,375	2,174.22		16,549.22
12/1/2036	14,375		14,375	2,174.22		16,549.22
3/1/2037	14,375		14,375	2,174.22		16,549.22
6/1/2037	14,375		14,375	2,174.22		16,549.22
9/1/2037	14,375		14,375	2,174.22		16,549.22
12/1/2037	14,375		14,375	2,174.22		16,549.22

Net Debt Service

Gilmer Public Service District

DWTRF

$1,725,000

0% Interest Rate

1% Administrative Fee

30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
3/1/2038	14,375		14,375	2,174.22		16,549.22
6/1/2038	14,375		14,375	2,174.22		16,549.22
9/1/2038	14,375		14,375	2,174.22		16,549.22
12/1/2038	14,375		14,375	2,174.22		16,549.22
3/1/2039	14,375		14,375	2,174.22		16,549.22
6/1/2039	14,375		14,375	2,174.22		16,549.22
9/1/2039	14,375		14,375	2,174.22		16,549.22
12/1/2039	14,375		14,375	2,174.22		16,549.22
3/1/2040	14,375		14,375	2,174.22		16,549.22
6/1/2040	14,375		14,375	2,174.22		16,549.22
9/1/2040	14,375		14,375	2,174.22		16,549.22
12/1/2040	14,375		14,375	2,174.22		16,549.22
3/1/2041	14,375		14,375	2,174.22		16,549.22
6/1/2041	14,375		14,375	2,174.22		16,549.22
9/1/2041	14,375		14,375	2,174.22		16,549.22
12/1/2041	14,375		14,375	2,174.22		16,549.22
3/1/2042	14,375		14,375	2,174.22		16,549.22
6/1/2042	14,375		14,375	2,174.22		16,549.22
9/1/2042	14,375		14,375	2,174.22		16,549.22
12/1/2042	14,375		14,375	2,174.22		16,549.22
3/1/2043	14,375		14,375	2,174.22		16,549.22
6/1/2043	14,375		14,375	2,174.22		16,549.22
9/1/2043	14,375		14,375	2,174.22		16,549.22
12/1/2043	14,375		14,375	2,174.22		16,549.22
3/1/2044	14,375		14,375	2,174.22		16,549.22
6/1/2044	14,375		14,375	2,174.22		16,549.22
9/1/2044	14,375		14,375	2,174.22		16,549.22
12/1/2044	14,375		14,375	2,174.22		16,549.22
	1,725,000		1,725,000	260,906.40	57,500.00	2,043,406.40

Notes:

Estimated Monthly Net Debt Service Payments:

$5,995.58 December 1, 2014 through November 1, 2024

$5,516.41 December 1, 2024 through November 1, 2044

Admin Fee calculated based on 1% of bond value computed quarterly paid in equa

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 22nd day of April 2013.

CASE NO. 12-1380-PWD-CN-PC

GILMER COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Glenville, Gilmer County.

Application for a certificate of convenience and necessity to construct extensions, additions, and improvements and betterments to its existing water system to serve approximately 86 new customers in the Coxs Mills, Wolf Pen and Alice Road areas of Gilmer County, and for approval of an agreement with the City of Glenville.

COMMISSION ORDER
WAIVING EXCEPTION PERIOD

On April 12, 2013, the Administrative Law Judge entered a Recommended Decision that granted the Gilmer County Public Service District (Gilmer County) a certificate of convenience and necessity to construct extensions, additions, improvement and betterments to its existing water system, to become effective on and after the date that the Recommended Decision becomes a final order of the Commission.

On April 19, 2013, Gilmer County filed a petition to waive the fifteen-day period of time in which a party may file exceptions to the Recommended Decision in these proceedings, as provided in W. Va. Code §24-1-9.

The filing indicates that Commission Staff has stated it has no objection to the petition. There are no other parties in these cases.

IT IS THEREFORE ORDERED that the requested waiver is granted.

IT IS FURTHER ORDERED that the Administrative Law Judge April 12, 2013 Recommended Decision in these cases becomes final five days after the date of this Order, absent further action by the Commission.

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 or record who have not filed an e-service agreement, and Commission Staff by hand delivery.

A True Copy, Testes: Sandra Squire

Sandra Squire
Executive Secretary

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: April 18, 2013

CASE NO. 12-1380-PWD-CN-PC

GILMER COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Glenville, Gilmer County.

Application for a certificate of convenience and necessity to construct extensions, additions, improvements and betterments to its existing water system to serve 86 new customers in the Coxs Mills, Wolf Pen and Alice Road areas of Gilmer County, and for approval of an agreement with the City of Glenville.

CORRECTIVE ORDER

This Corrective Order corrects the security deposit language in Exhibit A of the April 12, 2013 Recommended Decision entered in this matter.

DISCUSSION

In its October 1, 2012 Application, the Applicant's proposed tariff stated in reference to security deposits that they are "not to exceed two and one-half (2/12) of the annual estimated charge for residential service or commercial service, or fifty dollars ($50.00), whichever is greater." This language copied the security deposit provision in the current tariff.

In its March 22, 2013 Final Memorandum, the Staff recommended tariff's language on security deposits stated that they are "not to exceed two and one-half (2 1/2) of the annual estimated charge for residential service, or (1/6) of the annual estimated charge for commercial service, or fifty dollars ($50.00), whichever is greater."

In the current ***Tariff Rules***, the security deposit language of Tariff Form 4a, "Standard Form of Tariff Sheet for Water Utility" states "not to exceed one-twelfth (1/12) of the annual estimated charge for residential service, or one-sixth (1/6) of the annual estimated charge for commercial service, or fifty dollars ($50.00), whichever is greater." This language is based on ***W.Va. Code §24-3-8***, enacted in 1983, which states that "No public utility shall require any deposit of any residential customer which shall exceed one twelfth of the estimated annual charge to the customer for such service."

Therefore, in the approved tariff attached to the April 12, 2013 Recommended Decision as Exhibit A, the language adopted was that of the ***Rules***, "not to exceed one-twelfth (1/12) of the

annual estimated charge for residential service, or one-sixth (1/6) of the annual estimated charge for commercial service, or fifty dollars ($50.00), whichever is greater." The Decision also corrected the current tariff to this language.

Subsequently, on April 15, 2013, the District filed a request for correction. Acknowledging that the current tariff language needed to be corrected, the District asserted that the ***Rules*** language ultimately used was also incorrect due to the language of ***W.Va. Code §16-13A-9(a)(2)***, enacted after 1983. This statute states, "Notwithstanding...[§24-3-8]...all new applicants for service shall deposit the greater of a sum equal to two twelfths of the average annual usage of the applicant's specific customer class, or $50."

Upon review, the undersigned finds that the District's request for correction should be granted, as the language in the ***Tariff Rules*** has been superseded.

ORDER

IT IS, THEREFORE, ORDERED that the tariff attached as Exhibit A to the Recommended Decision of April 12, 2013, is replaced with the tariff attached as Exhibit A to this Order.

IT IS FURTHER ORDERED that the eighth Ordering Paragraph in the Recommended Decision, referring to the security deposit language of the current tariff, is revised. The security deposit provision in the District's current tariff shall instead be corrected to read:

SECURITY DEPOSIT
Not to exceed two-twelfths (2/12) of the annual estimated charge of the applicant's specific customer class, or fifty dollars ($50.00), whichever is greater.

This correction shall become effective upon this Recommended Decision becoming final.

The Recommended Decision is unchanged in all other respects.

IT IS FURTHER ORDERED that the Executive Secretary's Office serve a copy of this order upon all parties by electronic service, if they have filed an e-service agreement with the Commission; by United States Certified Mail, return receipt requested, if they have not filed an e-service agreement with the Commission; and upon Commission Staff by hand delivery.

Darren Olofson
Administrative Law Judge

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 12-1380-PWD-CN-PC

GILMER COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Glenville, Gilmer County.

Application for a certificate of convenience and necessity to construct extensions, additions, improvements and betterments to its existing water system to serve 86 new customers in the Coxs Mills, Wolf Pen and Alice Road areas of Gilmer County, and for approval of an agreement with the City of Glenville.

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (Customers with a metered water supply)

First	3,000 gallons used per month	$11.03 per 1,000 gallons
Next	3,000 gallons used per month	$ 9.95 per 1,000 gallons
Next	4,000 gallons used per month	$ 9.05 per 1,000 gallons
Next	10,000 gallons used per month	$ 8.29 per 1,000 gallons
Next	20,000 gallons used per month	$ 7.63 per 1,000 gallons
Next	60,000 gallons used per month	$ 7.00 per 1,000 gallons
Over	100,000 gallons used per month	$ 6.36 per 1,000 gallons

MINIMUM CHARGE

5/8 inch meter	$ 33.09 per month
3/4 inch meter	$ 49.64 per month
1 - inch meter	$ 82.73 per month
1 ½ - inch meter	$ 165.45 per month
2- inch meter	$ 264.72 per month
3 - inch meter	$ 529.44 per month
4- inch meter	$ 827.25 per month
6 - inch meter	$1,524.00 per month
8- inch meter	$1,654.50 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

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

RECONNECTION FEE

$20.00

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

LEAK ADJUSTMENT

$3.82 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

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

SECURITY DEPOSIT

Not to exceed two-twelfths (2/12) of the annual estimated charge of the applicant's specific customer class, or fifty dollars ($50.00), whichever is greater.

PRIVATE FIRE PROTECTION

Where connections, hydrants, sprinklers, etc. on private property are maintained by customers:

2-inch service line with hydrants, sprinklers and/or hose connections	$ 6.54 per month
3-inch service line with hydrants, sprinklers and/or hose connections	$ 6.87 per month
4-inch service line with hydrants, sprinklers and/or hose connections	$ 9.16 per month
6-inch service line with hydrants, sprinklers and/or hose connections	$30.10 per month
8-inch service line with hydrants, sprinklers and/or hose connections	$40.35per month
10-inch service line with hydrants, sprinklers and/or hose connections	$45.80 per month
12-inch service line with hydrants, sprinklers and/or hose connections	$64.99 per month

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FINAL
4/27/2013
Per Commission Order Waiving the Exception Period

Entered: April 12, 2013

CASE NO. 12-1380-PWD-CN-PC

GILMER COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Glenville, Gilmer County.

Application for a certificate of convenience and necessity to construct extensions, additions, improvements and betterments to its existing water system to serve 86 new customers in the Coxs Mills, Wolf Pen and Alice Road areas of Gilmer County, and for approval of an agreement with the City of Glenville.

RECOMMENDED DECISION

This Order grants the certificate of convenience and necessity, approves a water purchase agreement between the Applicant and the City of Glenville, and approves increased water charges for the Applicant, specifically a 9.79% increase in water rates and a 9.05% increase in private fire protection rates. Additionally, the Order corrects an error in the District's current tariff regarding the security deposit provision.

PROCEDURE

On October 1, 2012, the Gilmer County Public Service District (District) filed an application, duly verified, for a certificate of convenience and necessity to construct certain extensions, additions, improvements and betterments to its existing water system in Gilmer County and for approval of an agreement with the City of Glenville.

By order dated October 2, 2012, the Public Service Commission (PSC) ordered the District to give notice of its application by both newspaper publication and by mailing individual notices to customers.

By order dated October 9, 2012, this matter was referred to the Division of Administrative Law Judges to render a decision no later than February 13, 2013, or March 15, 2013, if there has been substantial protest to the District's application.

On October 31, 2012, PSC Staff filed its Initial Joint Staff Memorandum in this matter, noting certain deficiencies in the application that needed to be corrected and also that the

District's project has been approved by the West Virginia Infrastructure and Jobs Development Council (WVIJDC). On the same day, Staff served interrogatories and requests for information on the District.

By a filing made on November 8, 2012, the District indicated that it had complied with the notice requirements of the Commission's October 2, 2012 order.

On December 31, 2012, Staff submitted the Final Joint Staff Memorandum in this matter, and accompanying the FJSM is the Final Recommendation of the Commission's Utilities and Engineering Divisions. It noted that their "calculations would support an 8.9% increase in rates for the project, however the recent increase in purchased water rates would make rates adjusted by that percentage insufficient." Therefore Staff "recommends that the Commission allow the District to either modify its calculations to show that its proposed rates as filed will be sufficient...or file adjusted rates with the Commission and provide appropriate notice to customers." With respect to the project, Commission Staff related the following:

a. The project will construct an extension to the District's existing waterworks system to serve approximately 85 new customers;

b. The project is projected to cost $3,255,000, to be funded by a Small Cities Block Grant of $1,500,000, a Department of Health and Human Resources Grant of $30,000, and a Drinking Water Treatment Revolving Fund Loan of $1,725,000 with a 1% administrative fee over 30 years;

c. The District is also seeking approval for a 40-year agreement between the District and Glenville which was entered into in 2006, wherein Glenville sells water to the District at rates in accordance with Glenville's approved tariff. The District purchases all of its water from Glenville;

d. The additional customers to be serviced by the new extension are currently relying on wells and springs which have been unreliable in both quantity and quality;

e. The engineering cost of the project is 10.54% of the total cost, which is reasonable for this project;

f. The project is expected to increase the District's Operations & Maintenance costs by 5.6%;

g. The District proposes to increase rates by 14% due to increased costs from the project;

h. The Staff made several corrections to the District's calculations, and specifically noted that the District did not take into account the fact that the cost

of water purchased from Glenville was increasing from $2.60 to $3.43 per M gallons, as Glenville enacted a rate increase after the District's application;

i. All necessary permits appear to have been obtained for the project;

j. The project will not infringe on the service areas of any other utilities, corporations or persons; and

k. Staff recommends approval of the water purchase agreement without approving its specific terms and conditions.

On January 18, 2013, the District filed an amendment to its application along with a motion to extend the due date in this matter. The District said that, subsequent to its application, "the City of Glenville adopted an increase in its water rates, including its resale rate to the District. The notice of post-project rates which the District published did not reflect the District's increased purchased water costs arising from Glenville's water rate increase ordinance." The District asked for the deadline in this matter to be tolled by an additional 60 days.

An error in the application amendment was corrected by a subsequent filing on January 23, 2013.

By order dated January 24, 2013, the Commission extended the statutory deadline in this matter to May 23, 2013, and the ALJ decision date to April 15, 2013.

On March 7, 2013 the undersigned issued a procedural order directing the District to publish a revised notice of filing reflecting the changed rate request. An affidavit of publication was filed by the District on March 15, 2013.

The Staff filed a further Final Joint Staff Memorandum on March 22, 2013, finding;

The operation and maintenance expenses are expected to increase by approximately $36,620, or 5.4%, annually as a result of the project. Technical Staff recommends an increase in revenues of $102,814, or 9.79%. This increase will be sufficient to cover the District's operation and maintenance expenses, debt service and reserve requirements and provide a total surplus of $29,018, which is sufficient to meet the District's R&R funding. The District's resulting debt service coverage factor is 118.82%. Technical Staff's recommended rates were developed by increasing the District's current usage volume rates by approximately 9.05%. The District's minimum bill charges increased by approximately 18.9% to account for the volumetric only increased charge that occurred in Case No. 12-1577-PWD-30B, approved by Commission Final Order dated January 24, 2013. Technical Staff recommends private fire service rates be increased by approximately 9.05%.

The District submitted a filing dated April 1, 2013, indicating that it did not disagree with Staff recommendations and, on April 5, 2013, it submitted an affidavit averring that it had complied with the requirements of notice by posting and direct mail.

A review of the District's current tariff and the proposed and Staff-recommended tariffs revealed that the District's tariff contains an error in the security deposit provision, which was generated by an error in the Recommended Decision entered in the District's 2007 certificate proceeding, Case No. 07-1804-PWD-T-CN. The correct language for the security deposit provision, consistent with the Commission's Tariff Rules, is as follows:

> SECURITY DEPOSIT
>
> Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service, or one-sixth (1/6) of the annual estimated charge for commercial service, or fifty dollars ($50.00), whichever is greater.

However, the security deposit provision in the District's current tariff reads as follows:

> SECURITY DEPOSIT
>
> Not to exceed two and one-half (2 1/2) of the annual estimated charge for residential service, or (1/6) of the annual estimated charge for commercial service, or fifty dollars ($50.00), whichever is greater.

It is reasonable to correct that error in this decision. The District will be required to file a corrected tariff to become effective upon this decision becoming final.

FINDINGS OF FACT

1. On October 1, 2012, the Gilmer County Public Service District filed an application with the Commission for approval to construct extensions, additions, improvements and betterments to its existing water system to serve 86 new customers in the Coxs Mills, Wolf Pen and Alice Road areas of Gilmer County, and for approval of a 2006 water purchase agreement between the District and the City of Glenville. The District also sought an increase in rates. (Application filed October 1, 2012; Final Joint Staff Memorandum filed March 22, 2013)

2. The proposed project, once completed, will provide quality water service to new customers currently relying on wells and springs of poor water quality and reliability. (Application filed October 1, 2012; Final Joint Staff Memorandum filed December 31, 2012).

3. The project is projected to cost $3,255,000, to be funded by a Small Cities Block Grant of $1,500,000, a Department of Health and Human Resources Grant of $30,000, and a Drinking Water Treatment Revolving Fund Loan of $1,725,000 with a 1% administrative fee over 30 years. (Final Joint Staff Memorandum filed March 22, 2013).

4. The proposed project was approved by the West Virginia Infrastructure and Jobs Development Council. (Final Joint Staff Memorandum filed March 22, 2013).

5. The Staff estimates that the project will increase the District's O&M costs due to the additional customers and infrastructure. (Final Joint Staff Memorandum filed March 22, 2013).

6. As of the date of this Order, the engineering costs for the proposed project comprise 12.9% of the overall cost. (Final Joint Staff Memorandum filed March 22, 2013).

7. During the Staff's test period, the District's water operations had a going level revenue of $1,025,839, cash requirements of $845,190 and debt service requirements of $186,368, resulting in a deficit of $5,719 and 102.34% debt coverage. (Final Joint Staff Memorandum filed March 22, 2013 at Exhibit 1).

8. The District's outstanding bonds have a debt service coverage requirement of 115%. (Rule 42 Exhibit filed October 1, 2012 at Statement C).

9. The Staff's proposed rates are projected to generate revenue of $1,160,093, leaving cash available for debt service of $278,077, or 118.82% debt service coverage, after taking into account increased O&M costs. (Final Joint Staff Memorandum filed March 22, 2013 at Exhibit 1).

10. The 2006 Water Sales Agreement between the District and the City of Glenville directs Glenville to provide and the District to purchase up to 13,500,000 gallons of potable treated water per month, at the rates approved by the Commission in Glenville's tariff. Delayed payment penalties are also limited to those approved by the Commission. In the event of a water shortage, Glenville will only restrict water to the District by the same amounts as it does to its own customers. (Application filed October 1, 2012, at Exhibit 5).

11. The Staff has recommended granting the requested certificate of convenience and necessity, approving the water sales agreement, and approving the Staff-recommended rates. (Final Joint Staff Memorandum filed March 22, 2013).

12. The District does not object to the Staff recommendations. (District filing of April 1, 2013).

13. The District has complied with all notice requirements of posting, newspaper publication and direct mailing to customers. (District affidavits of publication filed March 15, 2013, and April 5, 2013).

14. No protests have been made to the proposed project or to the rate increase request as of the date of this Order. (Case file generally).

CONCLUSIONS OF LAW

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

2. The proposed project is financially feasible and economically viable.

3. A certificate of public convenience and necessity should be granted to the Gilmer County Public Service District for the proposed project.

4. The certificate can be granted without hearing since the project was properly published with no protests having been filed in response thereto, and since Commission Staff has recommended approval of the project.

5. The Staff-recommended rates and charges are sufficient, but not more than sufficient, to produce the level of revenue required by the Gilmer County Public Service District to cover all operation and maintenance expenses, necessary capital additions and debt obligations.

6. The undersigned finds the reasons given for the requested increases in rates and charges to be reasonable.

7. Because the Staff-recommended rates, attached to this Order as Appendix A, are reasonable, they will be adopted and approved for the District's provision of water services to its customers on and after the date upon which the project certificated herein is certified as substantially complete.

8. The Staff-recommended rates can be granted without a hearing. All the public notice requirements have been met, Staff and the District are in agreement, and the Commission received no protests from the public.

9. The water purchase agreement between the District and Glenville is reasonable, gives neither party an undue advantage, is in the public interest, and should be approved.

10. The error in the security deposit provision in the District's current tariff should be corrected.

ORDER

IT IS, THEREFORE, ORDERED that a certificate of convenience and necessity be, and hereby is, granted to the Gilmer County Public Service District to construct extensions, additions, improvements and betterments to its existing water system to serve 86 new customers in the Coxs Mills, Wolf Pen and Alice Road areas of Gilmer County, as specified in the application, without specifically approving the plans and specifications thereof.

IT IS FURTHER ORDERED that the financing for the project, consisting of a Small Cities Block Grant of $1,500,000, a Drinking Water Treatment Revolving Fund loan of $1,725,000 at an interest rate of 1% over 30 years, and a Department of Health and Human Resources Grant of $30,000, be, and hereby is, approved.

IT IS FURTHER ORDERED that, if the scope, design, financing or cost of the proposed project changes, the Gilmer County Public Service District petition the Public Service Commission for approval of such changes prior to commencing construction. However, if the project cost changes do not require a rate change, the City's certified public accountant may file a verified statement to that effect, in lieu of such petition.

IT IS FURTHER ORDERED that the Gilmer County Public Service District file with the Commission the certified bid tabulations for each contract awarded, as soon as they become available.

IT IS FURTHER ORDERED that the Gilmer County Public Service District file with the Commission a certificate of substantial completion for each contract awarded for the project certificated herein, as soon as each becomes available.

IT IS FURTHER ORDERED that, if the project certificated in this Order requires the use of the Division of Highways' rights-of-way, the Gilmer County Public Service District fully comply with all relevant rules and regulations of the Division of Highways.

IT IS FURTHER ORDERED that the Water Sales Agreement entered into by the Gilmer County Public Service District and the City of Glenville on December 4, 2006, be, and hereby is, approved, without specifically approving the terms and conditions thereof.

IT IS FURTHER ORDERED that the security deposit provision in the Gilmer County Public Service District current tariff be corrected so that it reads as follows:

SECURITY DEPOSIT

> Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service, or one-sixth (1/6) of the annual estimated charge for commercial service, or fifty dollars ($50.00), whichever is greater.

This correction shall become effective upon this Recommended Decision becoming final.

IT IS FURTHER ORDERED that the Gilmer County Public Service District file an original and at least five (5) copies of a revised tariff reflecting the correction ordered above, within thirty (30) days of the date that this decision becomes final.

IT IS FURTHER ORDERED that the Staff-recommended rates and charges, as set forth in Appendix A attached hereto, be, and hereby are, approved for all water service rendered by Gilmer County Public Service District on and after the date that the project certificated in this Order is certified as substantially complete.

IT IS FURTHER ORDERED that the Gilmer County Public Service District file with the Commission's Tariff Office an original and no less than five (5) copies of proper water tariffs reflecting the rates herein approved within thirty (30) days of the date that the project certificated herein is certified as substantially complete.

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

The Executive Secretary is hereby ordered to serve a copy of this order upon the Commission by hand delivery, and by electronic service upon all parties of record who have filed an e-service agreement with the Commission and by United States Certified Mail, return receipt requested, upon all parties of record who have not filed an e-service agreement with the Commission.

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.

Darren Olofson
Administrative Law Judge

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PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 12-1380-PWD-CN-PC

GILMER COUNTY PUBLIC SERVICE DISTRICT,
a public utility, Glenville, Gilmer County.

Application for a certificate of convenience and necessity to construct extensions, additions, improvements and betterments to its existing water system to serve 86 new customers in the Coxs Mills, Wolf Pen and Alice Road areas of Gilmer County, and for approval of an agreement with the City of Glenville.

APPROVED RATES

APPLICABILITY

Applicable within the entire territory served.

AVAILABILITY

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

RATES (Customers with a metered water supply)

First	3,000 gallons used per month	$11.03 per 1,000 gallons
Next	3,000 gallons used per month	$ 9.95 per 1,000 gallons
Next	4,000 gallons used per month	$ 9.05 per 1,000 gallons
Next	10,000 gallons used per month	$ 8.29 per 1,000 gallons
Next	20,000 gallons used per month	$ 7.63 per 1,000 gallons
Next	60,000 gallons used per month	$ 7.00 per 1,000 gallons
Over	100,000 gallons used per month	$ 6.36 per 1,000 gallons

MINIMUM CHARGE

5/8 inch meter	$ 33.09 per month
3/4 inch meter	$ 49.64 per month
1 - inch meter	$ 82.73 per month
1 ½ - inch meter	$ 165.45 per month
2- inch meter	$ 264.72 per month
3 - inch meter	$ 529.44 per month
4- inch meter	$ 827.25 per month
6 - inch meter	$1,524.00 per month
8- inch meter	$1,654.50 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

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

RECONNECTION FEE

$20.00

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

LEAK ADJUSTMENT

$3.82 per 1,000 gallons is to be used when the bill reflects unusual consumption which can be attributed to eligible leakage on customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

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

SECURITY DEPOSIT

Not to exceed one-twelfth (1/12) of the annual estimated charge for residential service, or one-sixth (1/6) of the annual estimated charge for commercial service, or fifty dollars ($50.00), whichever is greater.

PRIVATE FIRE PROTECTION

Where connections, hydrants, sprinklers, etc. on private property are maintained by customers:

2-inch service line with hydrants, sprinklers and/or hose connections	$ 6.54 per month
3-inch service line with hydrants, sprinklers and/or hose connections	$ 6.87 per month
4-inch service line with hydrants, sprinklers and/or hose connections	$ 9.16 per month
6-inch service line with hydrants, sprinklers and/or hose connections	$30.10 per month
8-inch service line with hydrants, sprinklers and/or hose connections	$40.35per month
10-inch service line with hydrants, sprinklers and/or hose connections	$45.80 per month
12-inch service line with hydrants, sprinklers and/or hose connections	$64.99 per month

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 9, 2010

William R. Stalnaker
Gilmer County Public Service District
P.O. Box 729
Glenville, WV 26351

Re: Gilmer County Public Service District
Water Project 2010W-1177

Dear Mr. Stalnaker:

The West Virginia Infrastructure and Jobs Development Council (Infrastructure Council) has reviewed the Gilmer County Public Service District's (District) preliminary application to extend potable water service to the areas of Cox's Mills, Wolf Run and Alice Road (Project).

Based on the findings of the Water Technical Review Committee, the Infrastructure Council has determined that the Project is technically feasible within the guidelines of the Infrastructure and Jobs Development Act. The District should carefully review the enclosed comments of the Water Technical Review Committee as the District may need to address certain issues raised in said comments as it proceeds with the Project.

Upon consideration of the preliminary application, the Infrastructure Council recommends that the District utilize a $30,000 Drinking Water Treatment Revolving Fund grant and pursue a $1,500,000 Small Cities Block grant and a $1,725,000 Drinking Water Treatment Revolving Fund loan to fund this $3,255,000 Project. Please contact the West Virginia Development office at 304-558-2234 and the West Virginia Bureau for Public Health at 304-558-6749 for specific information on the steps the District needs to follow to apply for these funds. **Please note that this letter does not constitute funding approval from these agencies.**

If you have any questions regarding this matter, please contact Angela K. Chestnut at 304-558-4607 (X201).

Sincerely,

Kenneth Lowe, Jr.

Enclosure

cc: Bob Decrease, P.E., BPH (w/o enclosure) *(via e-mail)*
Jeanna Bailes, WVDO (w/o enclosure) *(via e-mail)*
Shane Whitehair, Region VII Planning & Development Council
Matthew W. Fluharty, Thrasher Engineering, Inc.

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

www.wvinfrastructure.com

STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Earl Ray Tomblin
Governor

Rocco S. Fucillo
Cabinet Secretary

January 4, 2013

Mr. William R. Stalnaker
Gilmer County Public Service District
P.O. Box 729
Glenville, WV 26351

RE: Cox's Mill, Wolf Run and Alice Road Water Extension Project
DWTRF Binding Commitment Letter
IJDC Project No.: **2010W-1177**
DWTRF Project No.: **11DWTRFB012**
Gilmer County

Dear Mr. Stalnaker:

The Bureau for Public Health (Bureau) provides this contingent binding offer for a Drinking Water Treatment Revolving Fund (DWTRF) loan of approximately **$1,725,000** for the Gilmer County Public Service District's (PSD) proposed project that will extend the distribution system to the Cox's Mill, Wolf Run and Alice Road areas.

The loan will be subject to the terms set forth on **"Schedule A"** attached hereto and incorporated herein by reference. The final loan amount will be established after the PSD has received bids for the project. The loan agreement will be between the PSD and West Virginia Water Development Authority (WDA), who is the administrator of the DWTRF, acting on behalf of the Bureau.

This loan commitment is contingent upon the PSD meeting the following:

a. Bidding the project by **June 28, 2013.**
b. Closing the loan by **September 26, 2013.**

If the PSD becomes aware that it will not be able to comply with the milestones listed above, they should immediately notify the Bureau of this fact and the circumstances which have caused the project delay.

350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713
Telephone: (304) 558-2981

If you have any questions regarding this loan commitment, please contact me at (304) 356-4301 or via email Robert.W.DeCrease@wv.gov.

Very truly yours,

Robert DeCrease

Robert W. DeCrease, P.E., Manager
Infrastructure & Capacity Development
Environmental Engineering Division

RWD:snj

Enclosures

pc: Garrett Grubb, Thrasher Engineering (email copy)
Chris Jarrett, WDA (email copy)
Samme L. Gee, Esquire, Jackson & Kelly (email copy)
Jim Kelsh, Bowles Rice (email copy)
Katy Mallory, Steptoe & Johnson (email copy)
Shane Whitehair, Region 7 Planning & Development Council (email copy)
Kelly Workman, SCBG Development Office (email copy)
OEHS Philippi District Office (email copy)

NOTE: This letter is sent in triplicate. Please acknowledge acceptance on two copies and immediately return them both to Robert DeCrease, 350 Capitol Street, Room 313, Charleston, WV 25301-3713.

Gilmer County Public Service District Acceptance of Binding Commitment Terms:

By: _____

Title: _____

Date: _____

WEST VIRGINIA BUREAU FOR PUBLIC HEALTH
DRINKING WATER TREATMENT REVOLVING FUND

(Binding Commitment)

"SCHEDULE A"

January 4, 2013

A. PROJECT:

Gilmer County Public Service District
Cox's Mill, Wolf Run and Alice Road Water Extension Project
IJDC Project No.: **2010W-1177**
DWTRF Project No.: **11DWTRFB012**
Gilmer County

B. DRINKING WATER TREATMENT REVOLVING FUND (DWTRF):

Loan A	
(DWTRF Base Program):	**$1,725,000**
Terms:	0%
Maturity Date:	30 years
Administration Fee:	1% (Paid evenly over 30 years)
Special Conditions:	Annual debt service payment plus administration fee payment is estimated to be **$66,627** plus reserve requirement.

NOTE: Final loan amounts are determined from receipt of contract bids.

C. OTHER FUNDING SOURCES: Small Cities Block Grant **$1,500,000**
WVDHHR Design Grant **$30,000**

D. TOTAL PROJECT COST: **$3,255,000**

E. PROPOSED USER RATES: Post-project user rates must be at least **$29.14** monthly for 4,000 gallons for disadvantaged loan terms. Proposed post-project rate is **$36.13**.

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

CROSS-RECEIPT FOR SERIES 2013 A BONDS AND BOND PROCEEDS

On this 24th day of May, 2013, the undersigned authorized representative of the West Virginia Water Development Authority (the "Authority"), for and on behalf of the Authority, and the undersigned Chairman of the Public Service Board of Gilmer County Public Service District (the "Issuer"), for and on behalf of the Issuer, hereby certify as follows:

1. On the 24th day of May, 2013, the Authority received the Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), of the Issuer, in the principal amount of $1,725,000, numbered AR-1, issued as a single, fully registered Bond dated May 24, 2013 (the "Series 2013 A Bonds").

2. At the time of such receipt of the Series 2013 A Bonds upon original issuance, the Series 2013 A Bonds had been executed by the Chairman and Secretary of the Public Service Board of the Issuer, by their respective manual signatures, and the official seal of the Issuer had been affixed upon the Series 2013 A Bonds.

3. The Issuer has received and hereby acknowledges receipt from the Authority, as the original purchaser of the Series 2013 A Bonds, the sum of $43,125, being a portion of the principal amount of the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced by the Authority and the West Virginia Bureau for Public Health to the Issuer as acquisition and construction of the Project progresses.

[Remainder of Page Intentionally Blank]

Dated as of the day and year first written above.

WEST VIRGINIA WATER DEVELOPMENT AUTHORITY

Sheila O. Miller

Authorized Representative

GILMER COUNTY PUBLIC SERVICE DISTRICT

William R. Stalnaker

Chairman

329470.00004

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

DIRECTION TO AUTHENTICATE AND DELIVER SERIES 2013 A BONDS

The Huntington National Bank, as
Bond Registrar for the Series 2013 A Bonds
Charleston, West Virginia

Ladies and Gentlemen:

There are delivered to you herewith on this 24th day of May, 2013.

(1) Bond No. AR 1, constituting the entire original issue of the Gilmer County Public Service District Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), in the principal amount of $1,725,000, dated May 24, 2013 (the "Series 2013 A Bonds"), executed by the Chairman and Secretary of Gilmer County Public Service District (the "Issuer") and bearing the official seal of the Issuer, authorized to be issued under and pursuant to a Bond Resolution duly adopted by the Issuer on May 13, 2013, and a Supplemental Resolution duly adopted by the Issuer on May 13, 2013 (collectively, the "Bond Legislation");

(2) A copy of the Bond Legislation authorizing the above described Bond issue, duly certified by the Secretary of the Issuer;

(3) Executed counterparts of the Loan Agreement dated May 24, 2013 (the "Loan Agreement"), by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"); and

(4) An executed opinion of nationally recognized bond counsel regarding the validity of the Loan Agreement and the Series 2013 A Bonds.

You are hereby requested and authorized to deliver the Series 2013 A Bonds to the Authority upon payment to the Issuer of the sum of $43,125, representing a portion of the principal amount of the Series 2013 A Bonds. Prior to such delivery of the Series 2013 A Bonds, you will please cause the Series 2013 A Bonds to be authenticated and registered by an authorized officer, as Bond Registrar for the Series 2013 A Bonds, in accordance with the form of Certificate of Authentication and Registration thereon.

Dated as of the day and year first written above.

GILMER COUNTY PUBLIC SERVICE DISTRICT

William R. Stalnaker

Chairman

329470.00004

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GILMER COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2013 A
(WEST VIRGINIA DWTRF PROGRAM)

No. AR-1 $1,725,000

KNOW ALL MEN BY THESE PRESENTS: That on this 24th day of May, 2013, GILMER COUNTY PUBLIC SERVICE DISTRICT, a public service district and public corporation and political subdivision of the State of West Virginia in Gilmer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of ONE MILLION SEVEN HUNDRED TWENTY-FIVE THOUSAND DOLLARS ($1,725,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing March 1, 2015, to and including December 1, 2044 as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall bear no interest. The Administrative Fee of 1% (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, 2015, as set forth on EXHIBIT B attached hereto.

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

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 Bureau for Public Health (the "BPH"), 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 BPH, dated May 24, 2013.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance of the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on May 13, 2013, and a Supplemental Resolution duly adopted by the Issuer on May 13, 2013

(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, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S: (1) WATER REVENUE BONDS, SERIES 1994 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED AUGUST 18, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 1994 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2000 BONDS"); (3) WATER REVENUE BONDS, SERIES 2005 A BONDS (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 19, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,470,000 (THE "SERIES 2005 A BONDS"); (4) WATER REVENUE BONDS, SERIES 2005 B BONDS (WEST VIRGINIA DWTRF PROGRAM), DATED APRIL 19, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,639,000 (THE "SERIES 2005 B BONDS"); AND (5) WATER REVENUE BONDS, SERIES 2008 A BONDS (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 16, 2008, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,325,000 (THE "SERIES 2008 A BONDS"), (COLLECTIVELY, THE "PRIOR BONDS").

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the Holders of the Prior Bonds and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2013 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 2013 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the Prior Bonds; provided however, that so long as there exists in the Series 2013 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations Outstanding on a parity with the Bonds, including 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 (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, GILMER 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 date first written above.

[SEAL]

William R. Stalnaker
Chairman

SPECIMEN

ATTEST:

Brenda Lawson
Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2013 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: May 24, 2013.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1) $43,125	05/24/2013	(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

Net Debt Service

Gilmer Public Service District

DWTRF

$1,725,000

0% Interest Rate

1% Administrative Fee

30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
3/1/2015	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2015	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2015	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2015	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2016	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2016	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2016	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2016	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2017	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2017	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2017	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2017	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2018	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2018	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2018	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2018	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2019	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2019	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2019	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2019	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2020	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2020	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2020	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2020	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2021	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2021	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2021	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2021	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2022	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2022	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2022	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2022	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2023	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2023	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2023	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2023	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2024	14,375		14,375	2,174.22	1,437.50	17,986.72
6/1/2024	14,375		14,375	2,174.22	1,437.50	17,986.72
9/1/2024	14,375		14,375	2,174.22	1,437.50	17,986.72
12/1/2024	14,375		14,375	2,174.22	1,437.50	17,986.72
3/1/2025	14,375		14,375	2,174.22		16,549.22
6/1/2025	14,375		14,375	2,174.22		16,549.22
9/1/2025	14,375		14,375	2,174.22		16,549.22
12/1/2025	14,375		14,375	2,174.22		16,549.22
3/1/2026	14,375		14,375	2,174.22		16,549.22
6/1/2026	14,375		14,375	2,174.22		16,549.22

Net Debt Service

Gilmer Public Service District

DWTRF

$1,725,000

0% Interest Rate

1% Administrative Fee

30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
9/1/2026	14,375		14,375	2,174.22		16,549.22
12/1/2026	14,375		14,375	2,174.22		16,549.22
3/1/2027	14,375		14,375	2,174.22		16,549.22
6/1/2027	14,375		14,375	2,174.22		16,549.22
9/1/2027	14,375		14,375	2,174.22		16,549.22
12/1/2027	14,375		14,375	2,174.22		16,549.22
3/1/2028	14,375		14,375	2,174.22		16,549.22
6/1/2028	14,375		14,375	2,174.22		16,549.22
9/1/2028	14,375		14,375	2,174.22		16,549.22
12/1/2028	14,375		14,375	2,174.22		16,549.22
3/1/2029	14,375		14,375	2,174.22		16,549.22
6/1/2029	14,375		14,375	2,174.22		16,549.22
9/1/2029	14,375		14,375	2,174.22		16,549.22
12/1/2029	14,375		14,375	2,174.22		16,549.22
3/1/2030	14,375		14,375	2,174.22		16,549.22
6/1/2030	14,375		14,375	2,174.22		16,549.22
9/1/2030	14,375		14,375	2,174.22		16,549.22
12/1/2030	14,375		14,375	2,174.22		16,549.22
3/1/2031	14,375		14,375	2,174.22		16,549.22
6/1/2031	14,375		14,375	2,174.22		16,549.22
9/1/2031	14,375		14,375	2,174.22		16,549.22
12/1/2031	14,375		14,375	2,174.22		16,549.22
3/1/2032	14,375		14,375	2,174.22		16,549.22
6/1/2032	14,375		14,375	2,174.22		16,549.22
9/1/2032	14,375		14,375	2,174.22		16,549.22
12/1/2032	14,375		14,375	2,174.22		16,549.22
3/1/2033	14,375		14,375	2,174.22		16,549.22
6/1/2033	14,375		14,375	2,174.22		16,549.22
9/1/2033	14,375		14,375	2,174.22		16,549.22
12/1/2033	14,375		14,375	2,174.22		16,549.22
3/1/2034	14,375		14,375	2,174.22		16,549.22
6/1/2034	14,375		14,375	2,174.22		16,549.22
9/1/2034	14,375		14,375	2,174.22		16,549.22
12/1/2034	14,375		14,375	2,174.22		16,549.22
3/1/2035	14,375		14,375	2,174.22		16,549.22
6/1/2035	14,375		14,375	2,174.22		16,549.22
9/1/2035	14,375		14,375	2,174.22		16,549.22
12/1/2035	14,375		14,375	2,174.22		16,549.22
3/1/2036	14,375		14,375	2,174.22		16,549.22
6/1/2036	14,375		14,375	2,174.22		16,549.22
9/1/2036	14,375		14,375	2,174.22		16,549.22
12/1/2036	14,375		14,375	2,174.22		16,549.22
3/1/2037	14,375		14,375	2,174.22		16,549.22
6/1/2037	14,375		14,375	2,174.22		16,549.22
9/1/2037	14,375		14,375	2,174.22		16,549.22
12/1/2037	14,375		14,375	2,174.22		16,549.22

Net Debt Service

Gilmer Public Service District

DWTRF

$1,725,000

0% Interest Rate

1% Administrative Fee

30 Years

Date	Principal	Interest	Total Debt Service	Admin Fee	Reserve Fund	Net Debt Service
3/1/2038	14,375		14,375	2,174.22		16,549.22
6/1/2038	14,375		14,375	2,174.22		16,549.22
9/1/2038	14,375		14,375	2,174.22		16,549.22
12/1/2038	14,375		14,375	2,174.22		16,549.22
3/1/2039	14,375		14,375	2,174.22		16,549.22
6/1/2039	14,375		14,375	2,174.22		16,549.22
9/1/2039	14,375		14,375	2,174.22		16,549.22
12/1/2039	14,375		14,375	2,174.22		16,549.22
3/1/2040	14,375		14,375	2,174.22		16,549.22
6/1/2040	14,375		14,375	2,174.22		16,549.22
9/1/2040	14,375		14,375	2,174.22		16,549.22
12/1/2040	14,375		14,375	2,174.22		16,549.22
3/1/2041	14,375		14,375	2,174.22		16,549.22
6/1/2041	14,375		14,375	2,174.22		16,549.22
9/1/2041	14,375		14,375	2,174.22		16,549.22
12/1/2041	14,375		14,375	2,174.22		16,549.22
3/1/2042	14,375		14,375	2,174.22		16,549.22
6/1/2042	14,375		14,375	2,174.22		16,549.22
9/1/2042	14,375		14,375	2,174.22		16,549.22
12/1/2042	14,375		14,375	2,174.22		16,549.22
3/1/2043	14,375		14,375	2,174.22		16,549.22
6/1/2043	14,375		14,375	2,174.22		16,549.22
9/1/2043	14,375		14,375	2,174.22		16,549.22
12/1/2043	14,375		14,375	2,174.22		16,549.22
3/1/2044	14,375		14,375	2,174.22		16,549.22
6/1/2044	14,375		14,375	2,174.22		16,549.22
9/1/2044	14,375		14,375	2,174.22		16,549.22
12/1/2044	14,375		14,375	2,174.22		16,549.22
	1,725,000		1,725,000	260,906.40	57,500.00	2,043,406.40

Notes:

Estimated Monthly Net Debt Service Payments:

$5,995.58 December 1, 2014 through November 1, 2024

$5,516.41 December 1, 2024 through November 1, 2044

Admin Fee calculated based on 1% of bond value computed quarterly paid in equal quarterly payment

(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

May 24, 2013

Gilmer County Public Service District
Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

Gilmer County Public Service District
Glenville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Ladies and Gentlemen:

We have served as bond counsel in connection with the issuance by Gilmer 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 $1,725,000 Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), 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 May 24, 2013, 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 Bureau for Public Health (the "BPH"), 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 March 1, 2015 to and including December 1, 2044, all as set forth in the "Schedule Y" attached to the Loan Agreement and incorporated in and made a part of the Bonds. The Series 2013 A Bonds are subject to the Administrative Fee equal to 1% of the principal amount of the Series 2013 A Bonds as set forth in the Schedule Y attached to the Loan Agreement.

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 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), for the purpose of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public

waterworks system 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 May 13, 2013, as supplemented by a Supplemental Resolution duly adopted by the Issuer on May 13, 2013 (collectively, the "Bond Legislation"), pursuant to and under which Act and Bond Legislation the Bonds are authorized and issued, and the Loan Agreement has been entered into. The Bonds are subject to redemption prior to maturity to the extent, at the time, under the conditions and subject to the limitations set forth in the Bond Legislation and the Loan Agreement. All capitalized terms used herein and not otherwise defined herein shall have the same meanings set forth in the Bond Legislation and the Loan Agreement when used herein.

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

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

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

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

4. The Bonds have been duly authorized, issued, executed and delivered by the Issuer to the Authority and are valid, legally enforceable and binding special obligations of the Issuer, payable from the Net Revenues of the System referred to in the Bond Legislation and secured by a first lien on and pledge of the Net Revenues of the System, on a parity with the Issuer's: (1) Water Revenue Bonds, Series 1994 (United States Department of Agriculture), dated August 18, 1994, issued in the original aggregate principal amount of $550,000 (the "Series 1994 Bonds"); (2) Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000 (the "Series 2000 Bonds"); (3) Water Revenue Bonds, Series 2005 A Bonds (West Virginia Infrastructure Fund), dated April 19, 2005, issued in the original aggregate principal amount of $1,470,000 (the "Series 2005 A Bonds"); (4) Water Revenue Bonds, Series 2005 B Bonds (West Virginia DWTRF Program), dated April 19, 2005, issued in the original aggregate principal amount of $1,639,000 (the "Series 2005 B Bonds"); and (5) Water Revenue Bonds, Series 2008 A Bonds (West Virginia Infrastructure Fund), dated April 16, 2008, issued in the original aggregate principal amount of $1,325,000 (the "Series 2008 A Bonds"), (collectively, the "Prior Bonds"); all in accordance with the terms of the Bonds and the Bond Legislation.

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

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

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

We have examined the executed and authenticated Bond numbered 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

329470.00004

101 South Queen Street
Martinsburg, West Virginia 25401

7000 Hampton Center
Morgantown, West Virginia 26505

511 7th Street
Moundsville, West Virginia 26041

501 Avery Street
Parkersburg, West Virginia 26101

Bowles Rice LLP
ATTORNEYS AT LAW

600 Quarrier Street
Charleston, West Virginia 25301

Post Office Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1100

www.bowlesrice.com

6000 Town Center Boulevard, Suite 210
Canonsburg, Pennsylvania 15317

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507

480 West Jubal Early Drive, Suite 130
Winchester, Virginia 22601

May 24, 2013

James V. Kelsh
Telephone — (304) 347-1135
Facsimile — (304) 343-3058

E-Mail Address:
jkelsh@bowlesrice.com

Gilmer County Public Service District
Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

Gilmer County Public Service District
Glenville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

We are counsel to Gilmer County Public Service District, a public service district, in Gilmer County, West Virginia (the "Issuer"). As such counsel, we have examined a copy of the approving opinion of Steptoe & Johnson PLLC, as bond counsel, a loan agreement for the Series 2013 Bonds dated May 24, 2013, 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 Bureau for Public Health (the "BPH"), the Bond Resolution duly adopted by the Issuer on May 13, 2013, as supplemented by the Supplemental Resolution duly adopted by the Issuer on May 13, 2013 (collectively, the "Bond Legislation"), and other documents, papers, agreements, instruments and certificates relating to the above-captioned Bonds of the Issuer (the "Bonds") and orders of The County Commission of Gilmer County relating to the Issuer and the appointment of the members of the Public Service Board of the Issuer. All capitalized terms used herein and not otherwise defined herein shall have the same meaning set forth in the Bond Legislation and the Loan Agreement when used herein.

We are of the opinion that:

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

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

3. 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.

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

5. The execution and delivery of the Bonds and the Loan Agreement and the consummation of the transactions contemplated by the Bonds, the Loan Agreement and the Bond Legislation 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 acquisition and construction of the Project, the operation of the System and the imposition of rates and charges for use of the System, including, without limitation, the receipt of all requisite orders, certificates and approvals from the West Virginia Bureau for Public Health, The County Commission of Gilmer County, 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 resolution prescribing such rates and charges.

7. The Issuer has received a Recommended Decision entered April 12, 2013 and Corrective Order issued April 18, 2013, which became final on April 27, 2013 per Commission Order Waiving Exception Period, in Case No. 12-1380-PWD-CN-PC, of the Public Service Commission of West Virginia, among other things, granting to the Issuer a certificate of public convenience and necessity for the Project, approving rates for the System and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof. Such Order remains in full force and effect.

8. To the best of our knowledge, there is no litigation, action, proceeding or investigation at law or in equity before or by any court, public board or body, pending or threatened, wherein an unfavorable decision, ruling or finding would adversely affect the transactions contemplated by the Loan Agreement, the Bond Legislation, the acquisition and construction 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 therefor.

9. Prior to construction we will ascertained that all successful bidders have provided the drug-free workplace affidavit, submitted their drug-free workplace plan, and the contracts contain

language that complies with the Drug-Free Workplace Act, Article 1D, Chapter 21 of the West Virginia Code. Prior to construction we will also ascertain that all successful bidders have made required provisions for all insurance and payment and performance bonds and we will review such insurance policies or binders and such bonds for accuracy. Prior to construction, we will review the contracts, the surety bonds and the policies or other evidence of insurance coverage in connection with the Project and verify that such surety bonds and policies (1) are in compliance with the contracts; (2) are adequate in form, substance and amount to protect the various interests of the Issuer; (3) have been executed by duly authorized representatives of the proper parties; (4) meet the requirements of the Act, the Bond Legislation and the Loan Agreement; and (5) all such documents constitute valid and legally binding obligations of the parties thereto in accordance with the terms, conditions and provisions thereof.

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

Very truly yours,

BOWLES RICE LLP

James V. Kelsh

/JVK

600 Quarrier Street
Charleston, West Virginia 25301

101 South Queen Street
Martinsburg, West Virginia 25401

7000 Hampton Center
Morgantown, West Virginia 26505

511 7th Street
Moundsville, West Virginia 26041

Bowles Rice LLP
ATTORNEYS AT LAW

501 Avery Street
Parkersburg, West Virginia 26101

Post Office Box 49
Parkersburg, West Virginia 26102
(304) 485-8500

www.bowlesrice.com

6000 Town Center Boulevard, Suite 210
Canonsburg, Pennsylvania 15317

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507

480 West Jubal Early Drive, Suite 130
Winchester, Virginia 22601

May 24, 2013

Steven R. Hardman
Telephone — (304) 420-5521
Facsimile — (304) 420-5587

E-Mail Address:
shardman@bowlesrice.com

Office of Environmental Health Services
Environmental Engineering Division
Capacity Development Program
350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713

Region VII Planning and
Development Council
99 Edmiston Way, Suite 225
Buckhannon, West Virginia 26201

West Virginia Water Development Authority
1009 Bullitt Street
Charleston, West Virginia 25301

Re: Gilmer County Public Service District
Coxs Mills Water Extension Project

Gentlemen:

This firm represents Gilmer County Public Service District (the "District") with regard to a proposed project to construct a water distribution system (the "Project"), and provides this preliminary title opinion on behalf of the District to satisfy the requirements of the Office of Environmental Health Services and the Planning and Development Council with regard to the financing proposed for the Project. Please be advised of the following:

1. That we are of the opinion that the District is a duly created and existing public service district possessed with all the powers and authority granted to public service districts under the laws of the State of West Virginia and through its Public Service Board has the full power and authority to construct, operate and maintain the Project as approved by the Bureau for Public Health.

2. That the District has obtained approval for all necessary permits and approvals for the construction of the Project, copies of which have been forwarded by Thrasher Engineering, Inc., Consulting Engineers for the Project.

3. That we have investigated and ascertained the location of and are familiar with the legal description of the necessary sites, including easements and/or rights of way, required for the Project as set forth in the plans prepared by the Consulting Engineers for the Project.

4. That we have examined the records on file in the Office of the Clerk of the County Commission of Gilmer County, West Virginia, the county in which the Project is to be located, and, in our opinion, the District has acquired legal title or such other estate or interest in the necessary site components for the Project, including 100% of the easements and/or rights-of-way, sufficient to assure undisturbed use and possession for the purpose of construction, operation and maintenance for the estimated life of the facilities to be constructed.

5. That any deeds or other documents which have been acquired to date by the District have been duly recorded in the aforesaid Clerk's Office in order to protect the legal title to and interest of the District.

Sincerely,

BOWLES RICE LLP

Bowles Rice LLP

SRH/dpw

cc: Samme Gee
John Stump
Randy Watson
Brenda Lawson

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

GENERAL CERTIFICATE OF ISSUER AND ATTORNEY ON:

1. TERMS
2. NO LITIGATION
3. GOVERNMENTAL APPROVALS AND BIDDING
4. NO ADVERSE FINANCIAL CHANGE; INDEBTEDNESS
5. CERTIFICATION OF COPIES OF DOCUMENTS
6. INCUMBENCY AND OFFICIAL NAME; ETC.
7. LAND AND RIGHTS-OF-WAY
8. MEETINGS, ETC.
9. CONTRACTORS' INSURANCE, ETC.
10. LOAN AGREEMENT
11. INSURANCE
12. VERIFICATION OF SCHEDULE
13. RATES
14. PUBLIC SERVICE COMMISSION ORDER
15. SIGNATURES AND DELIVERY
16. BOND PROCEEDS
17. PUBLICATION OF NOTICE OF FILING
18. SPECIMEN BONDS
19. CONFLICT OF INTEREST
20. GRANTS
21. PROCUREMENT OF ENGINEERING SERVICES
22. EXECUTION OF COUNTERPARTS

We, the undersigned CHAIRMAN and SECRETARY of the Public Service Board of Gilmer County Public Service District in Gilmer County, West Virginia (the "Issuer"), and the undersigned COUNSEL to the ISSUER, hereby certify, on this the 24th day of May, 2013, in connection with the $1,725,000 Gilmer County Public Service District Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program) (the "Series 2013 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 May 13, 2013, and the Supplemental Resolution duly adopted May 13, 2013 (collectively, the "Bond Legislation").

2. NO LITIGATION: To the best of our knowledge, no controversy or litigation of any nature is now pending or threatened, restraining, enjoining or affecting in any manner the issuance, sale or delivery of the Bonds, the acquisition and construction of the Project, the operation of the System, the receipt of the Net Revenues, or in any way contesting or affecting the validity of the Bonds, or any proceedings of the Issuer taken with respect to the issuance or sale of the Bonds, the pledge or application of the Net Revenues or any other moneys or security provided for the payment of the Bonds or the existence or the powers of the Issuer insofar as they relate to the authorization, sale and issuance of the Bonds, the acquisition and construction of the Project, the operation of the System, the collection of the Gross Revenues or the pledge of Net Revenues as security for the Bonds.

3. GOVERNMENTAL APPROVALS AND BIDDING: All applicable approvals, permits, exemptions, consents, authorizations, registrations and certificates required by law for the acquisition and construction of the Project, the operation of the System, the imposition of rates and charges, and the issuance of the Bonds have been duly and timely obtained and remain in full force and effect. Competitive bids for the acquisition and construction of the Project have been solicited in accordance with Chapter 5, Article 22, Section 1 of the West Virginia Code of 1931, as amended, which bids remain in full force and effect.

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

There are Outstanding bonds of the Issuer which will rank on a parity with the Series 2013 A Bonds as to liens, pledge and source of and security for payment, and in all respects, being the Issuer's: (1) Water Revenue Bonds, Series 1994 (United States Department of Agriculture), dated August 18, 1994, issued in the original aggregate principal amount of $550,000 (the "Series 1994 Bonds"); (2) Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000 (the "Series 2000 Bonds"); (3) Water Revenue Bonds, Series 2005 A Bonds (West Virginia Infrastructure Fund), dated April 19, 2005, issued in the original aggregate principal amount of $1,470,000 (the "Series 2005 A Bonds"); (4) Water Revenue Bonds, Series 2005 B Bonds (West Virginia DWTRF Program), dated April 19, 2005, issued in the original aggregate principal amount of $1,639,000 (the "Series 2005 B Bonds"); and (5) Water Revenue Bonds, Series 2008 A Bonds (West Virginia Infrastructure Fund), dated April 16, 2008, issued in the original aggregate principal amount of $1,325,000 (the "Series 2008 A Bonds"), (collectively, the "Prior Bonds"). Other than the Prior Bonds, there are no other Outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2013 A Bonds as to liens, pledges and/or source of and security for payment.

The Issuer has obtained (i) a certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2013 A Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other Outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System.

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

Bond Resolution

Supplemental Resolution

Loan Agreement

Public Service Commission Orders

Infrastructure and Jobs Development Council Approval

County Commission Orders on Creation of District

County Commission Orders of Appointment of Current Board Members

Oaths of Office of Current Board Members

Rules of Procedure

Affidavit of Publication of Notice of Filing

Minutes of Current Year Organizational Meeting

Minutes on Adoption of Bond Resolution and Supplemental Resolution

Evidence of West Virginia DHHR Design Grant

Evidence of Small Cities Block Grant

Bureau for Public Health Permit

Evidence of Insurance

Consent of WDA

Consent of USDA

Prior Resolutions

6. INCUMBENCY AND OFFICIAL NAME, ETC.: The proper corporate title of the Issuer is "Gilmer County Public Service District." 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 Gilmer County. The governing body of the Issuer is its Public Service Board consisting of three (3) duly appointed, qualified and acting members whose names and dates of commencement and termination of current terms of office are as follows:

Name	Date of Commencement of Office	Date of Termination of Office
William Stalnaker	07/01/2010	06/30/2016
Charles Talbott	07/01/2008	06/30/2014
Sallie Mathess	07/01/2012	06/30/2018

The names of the duly elected and/or appointed, qualified and acting officers of the Public Service Board of the Issuer for the calendar year 2013 are as follows:

Chairman	-	William Stalnaker
Secretary	-	Brenda Lawson

The duly appointed and acting counsel to the Issuer is Bowles Rice LLP, Charleston, West Virginia.

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

8. MEETINGS, ETC.: To the best of our knowledge, all actions, resolutions, orders and agreements taken by and entered into by or on behalf of the Issuer in any way connected with the issuance of the Bonds and the acquisition, construction and

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

9. CONTRACTORS' INSURANCE, ETC.: All contractors have been required to maintain Workers' Compensation, public liability and property damage insurance, and builder's risk insurance where applicable, in accordance with the Bond Legislation. The successful bidders have provided the Drug-Free Workplace Affidavit as evidence of compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code. All insurance for the System required by the Bond Legislation and Loan Agreement is in full force and effect.

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

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 Water Development Authority (the "Authority"). Following completion of the Project the Issuer shall certify to the Authority the number of customers added to the System.

11. INSURANCE: The Issuer will maintain or, as appropriate, will require all contractors to maintain workers' 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. To the best of our knowledge, all insurance for the System required by the Bond Legislation and the Loan Agreement are in full force and effect.

12. 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 the Bonds.

13. RATES: The Issuer has received the Recommended Decision entered April 12, 2013 and Corrective Order issued April 18, 2013, which became final on April 27, 2013 per Commission Order Waiving Exception Period, in Case No. 12-1380-PWD-CN-PC, 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 the Order has expired prior to the date hereof. Such Order remains in full force and effect.

14. PUBLIC SERVICE COMMISSION ORDERS: The Issuer has received the Recommended Decision entered April 12, 2013 and Corrective Order issued April 18, 2013, which became final on April 27, 2013 per Commission Order Waiving Exception Period, in Case No. 12-1380-PWD-CN-PC, of the Public Service Commission of West Virginia, granting to the Issuer a certificate of public convenience and necessity for the Project, approving rates for the Project and approving the financing for the Project. The time for appeal of the Order has expired prior to the date hereof. Such Order remains in full force and effect.

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

16. BOND PROCEEDS: On the date hereof, the Issuer received $43,125 from the Authority and the BPH, being a portion of the principal amount of the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

17. PUBLICATION OF NOTICE OF FILING: The Issuer has published the required notice with respect to, among other things, the acquisition and construction of the Project, anticipated user rates and charges and filing of a formal application for a certificate of public convenience and necessity with the Public Service Commission of West Virginia.

18. SPECIMEN BONDS: Delivered concurrently herewith is a true and accurate specimen of the Bonds.

19. CONFLICT OF INTEREST: No member, officer or employee of the Issuer has a substantial financial interest, direct, indirect or by reason of ownership of stock in any corporation, in any contract with the Issuer or in the sale of any land, materials, supplies or services to the Issuer or to any contractor supplying the Issuer, relating to the Bonds, the Bond Legislation and/or the Project, including, without

limitation, with respect to the Depository Bank. For purposes of this paragraph, a "substantial financial interest" shall include, without limitation, an interest amounting to more than 5% of the particular business enterprise or contract.

20. GRANTS: The West Virginia DHHR Design Grant in the amount of $30,000 and the Small Cities Block Grant in the amount of $1,500,000 are hereby fully committed.

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

22. 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.

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WITNESS our signatures and the official seal of Gilmer County Public Service District on the day and year first written above.

[CORPORATE SEAL]

SIGNATURE	OFFICIAL TITLE
William R. Stalnaker	Chairman
Brenda Lawson	Secretary
James V. Kelsh	Counsel to the Issuer

329470.00004

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

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 May, 2013 as follows:

1. My firm is engineer for the acquisition and construction of certain additions, betterments, improvements and extensions (the "Project") to the existing waterworks system (the "System") of Gilmer County Public Service District (the "Issuer") to be constructed primarily in Gilmer County, West Virginia, which acquisition and construction are 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 May 13, 2013, as supplemented by the Supplemental Resolution adopted by the Issuer on May 13, 2013, and the Loan Agreement for the Series 2013 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Bureau for Public Health (the "BPH"), dated May 24, 2013 (the "Loan Agreement").

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

3. To the best of my knowledge, information and belief, (i) within the limits and in accordance with the applicable and governing contractual requirements relating to the Project, the Project will be constructed in general accordance with the approved plans, specifications and designs prepared by my firm and approved by the Authority and the BPH, and any change orders approved by the Issuer, the BPH, the Authority, and all necessary governmental bodies; (ii) the schematic design for the Project began before July 1, 2012; (iii) the Project, as designed, is adequate for its intended purpose and has a useful life of at least 32 years, if properly constructed, operated and maintained, excepting anticipated replacements due to normal wear and tear; (iv) the Issuer has received bids for the acquisition and construction of the Project which are in an amount and otherwise compatible with the plan of financing set forth in the Schedule B attached hereto as Exhibit A and the Issuer's counsel, Bowles Rice McDavid Graff & Love LLP, has ascertained that all successful bidders have made required provisions for all insurance and payment and performance bonds and that such insurance policies or binders and such bonds have been verified for accuracy; (v) the successful bidders received any and all addenda to the original bid documents; (vi) the successful bidders have provided the Drug-Free Workplace Affidavit as evidence of the Issuer's compliance with the provisions of Article 1D, Chapter 21 of the West Virginia Code; (vii) the bid documents relating to the Project reflect the Project as approved by the BPH and the bid forms provided to the bidders contain all critical operational components of the Project; (viii) the successful bids include prices for every item on such bid forms; (ix) the uniform bid procedures were followed; (x) the Issuer has obtained all

permits required by the laws of the State of West Virginia and the United States necessary for the acquisition and construction of the Project and the operation of the System; (xi) the net proceeds of the Bonds, together with all other moneys on deposit or to be simultaneously deposited and irrevocably pledged thereto and the proceeds of grants, if any, irrevocably committed therefor, are sufficient to pay the costs of acquisition and construction of the Project approved by the Authority and the BPH; and (xii) attached hereto as Exhibit A is the final amended "Schedule B - Final Total Cost of Project, Sources of Funds and Cost of Financing" for the Project.

4. The project has been designed to, and the construction contracts provide for, water service for up to 86 new customers in the Coxs Mills, Wolf Pen and Alice Road areas.

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WITNESS my signature and seal on the day and year first written above.

THRASHER ENGINEERING, INC.

(SEAL)

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

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

329470.00004

GILMER COUNTY PUBLIC SERVICE DISTRICT
Cox's Mill, Wolf Run and Alice Road Water Extension
Schedule B
DWTRF Project #11DWTRFB012
IJDC Project # 2010W-1177

5/8/2013

A. COST OF PROJECT		TOTAL	SCBG	DWTRF Loan	WV DHHR DESIGN GRANT
1 Construction(Capitol Valley)		2,096,558.00	892,000.00	1,204,558.00	0.00
Construction Contingency	5.0%	105,000.00	0.00	105,000.00	0.00
Future Change Orders		389,942.00	0.00	389,942.00	0.00
2 Technical Services (Thrasher)					
a Study & Report Phase		28,000.00	0.00	0.00	28,000.00
b Design		160,000.00	160,000.00	0.00	0.00
c Bidding & Negotiation		10,000.00	10,000.00	0.00	0.00
d Construction Phase		35,000.00	35,000.00	0.00	0.00
e Resident Project Representative		105,000.00	105,000.00	0.00	0.00
f Post-Construction		5,000.00	5,000.00	0.00	0.00
g Special Services		85,000.00	85,000.00	0.00	0.00
h Asset Management Plan		25,000.00	25,000.00	0.00	0.00
3 Legal (Bowles Rice)		30,000.00	30,000.00	0.00	0.00
4 Accounting (Spencer)		13,500.00	13,500.00	0.00	0.00
5 Lands & ROWs		10,000.00	10,000.00	0.00	0.00
6 Administration (Region VII)		80,000.00	78,000.00	0.00	2,000.00
7 ROW Agent (Morgan Haymond)		6,500.00	6,500.00	0.00	0.00
8 WV DOH Inspection Fees		35,000.00	35,000.00	0.00	0.00
9 Archeological Survey		5,000.00	5,000.00	0.00	0.00
10 Permits/Ads/Fees		5,000.00	5,000.00	0.00	0.00
11 TOTAL of Lines 1 through 10		3,229,500.00	1,500,000.00	1,699,500.00	30,000.00
B. COST OF FINANCING					
12 Funded Reserve		0.00	0.00	0.00	0.00
13 Registrar		500.00	0.00	500.00	0.00
14 Bond Counsel (S&J)		25,000.00	0.00	25,000.00	0.00
15 Cost of Financing (Total Lines 12 through 14)		25,500.00	0.00	25,500.00	0.00
16 TOTAL PROJECT COST		**3,255,000.00**	**1,500,000.00**	**1,725,000.00**	**30,000.00**
C. SOURCES OF OTHER FUNDS					
17 Federal Grant (SCBG)		1,500,000.00	1,500,000.00	0.00	0.00
18 Federal Grant (DWTRF)		30,000.00	0.00	0.00	30,000.00
19 State Grant		0.00	0.00	0.00	0.00
20 Any Other Grant		0.00	0.00	0.00	0.00
21 TOTAL GRANTS		1,530,000.00	1,500,000.00	0.00	30,000.00
22 Size of Bond Issue		1,725,000.00	0.00	1,725,000.00	0.00

William R. Stalnaker
Gilmer County PSD

5-13-13
Date

Thrasher Engineering, Inc.

5-17-13
Date

Spencer CPA & Associates, P.L.L.C.

PO Box 2560
Buckhannon, WV 26201
Phone: (304)472-1928

74 East Main Street
Buckhannon, WV 26201
Fax: (304)472-1951

Member: American Institute of Certified Public Accountants • WV Society of Certified Public Accountants

May 24, 2013

Gilmer County Public Service District
Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

Gilmer County Public Service District
Glenville, West Virginia

West Virginia Water Development Authority
Charleston, West Virginia

West Virginia Bureau for Public Health
Charleston, West Virginia

Steptoe & Johnson PLLC
Charleston, West Virginia

Ladies and Gentlemen:

Based upon the water rates and charges set forth in the Recommended Decision entered April 12, 2013 and Corrective Order issued April 18, 2013, which became final on April 27, 2013 per Commission Order Waiving Exception Period, in Case No. 12-1380-PWD-CN-PC, of the Public Service Commission of West Virginia and projected operating expenses and anticipated customer usage as furnished to us by Thrasher Engineering, Inc., Consulting Engineer, it is our opinion that such rates and charges will be sufficient to provide revenues which, together with other revenues of the waterworks system (the "System") of the Issuer, will (i) pay all repair, operation and maintenance expenses of the System, and (ii) leave a balance each year equal to at least 115% of the maximum amount required in any year for debt service on the Issuer's Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program) to be issued in the aggregate principal amount of $1,725,000 (the "Series 2013 A Bonds"), and all other obligations secured by a lien on or payable from the revenues of the System, on a parity with the Series 2013 A Bonds, including the Issuer's: (1) Water Revenue Bonds, Series 1994 (United States Department of Agriculture), dated August 18, 1994, issued in the original aggregate principal amount of $550,000 (the "Series 1994 Bonds"); (2) Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000 (the "Series 2000 Bonds"); (3) Water Revenue Bonds, Series 2005 A Bonds (West Virginia Infrastructure Fund), dated April 19, 2005, issued in the original aggregate principal amount of $1,470,000 (the "Series 2005 A Bonds"); (4) Water Revenue Bonds, Series 2005 B Bonds (West Virginia DWTRF Program), dated April 19, 2005, issued in the original aggregate principal amount of $1,639,000 (the "Series 2005 B Bonds"); and (5) Water Revenue Bonds, Series 2008 A Bonds (West Virginia Infrastructure Fund), dated April 16, 2008, issued in the original aggregate principal amount of $1,325,000 (the "Series 2005 A Bonds"), (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 2013 A Bonds are issued will be at least 120% of the average annual debt service on the Prior Bonds and the Series 2013 A Bonds; and (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 2013 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 2013 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 and the Series 2013 A Bonds.

Sincerely,

Spencer CPA + Associates, PLLC

Spencer CPA & Associates, P.L.L.C.

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

CERTIFICATE AS TO USE OF PROCEEDS

On this 24th day of May, 2013, the undersigned Chairman of the Public Service Board of Gilmer County Public Service District in Gilmer County, West Virginia (the "Issuer"), being one of the officials of the Issuer duly charged with the responsibility for the issuance of $1,725,000 Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program) (the "Series 2013 A Bonds" or the "Bonds"), of the Issuer, dated May 24, 2013, hereby certify as follows:

1. I am one of the officers of the Issuer duly charged with the responsibility of issuing the Bonds. I am familiar with the facts, circumstances and estimates herein certified and duly authorized to execute and deliver this certificate on behalf of the Issuer. Capitalized terms used herein and not otherwise defined herein shall have the meanings set forth in the Bond Resolution duly adopted by the Issuer on May 13, 2013, as supplemented by Supplemental Resolution adopted May 13, 2013 (collectively, the "Bond Resolution"), authorizing the Bonds.

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

3. This certificate is based upon facts, circumstances, estimates and expectations of the Issuer in existence on May 24, 2013, the date on which the Bonds are being physically delivered in exchange for an initial advance of the principal of the Bonds and to the best of my knowledge and belief, the expectations of the Issuer set forth herein are reasonable.

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

5. The Series 2013 A Bonds were sold on May 24, 2013, to the Authority, pursuant to a Loan Agreement dated May 24, 2013, by and between the Issuer and the Authority, on behalf of the BPH, for an aggregate purchase price of $1,725,000 (100% of par), at which time, the Issuer received $43,125 from the Authority and the BPH, being the first advance of the principal amount of the Series 2013 A Bonds. No accrued interest has been or will be paid on the Series 2013 A Bonds. The balance of the principal amount of the Series 2013 A Bonds will be advanced to the Issuer as acquisition and construction of the Project progresses.

6. The Bonds are being delivered simultaneously with the delivery of this certificate and are issued for the purposes of (i) paying a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) paying certain costs of issuance of the Bonds and related costs.

7. Within 30 days after the delivery of the Bonds, the Issuer shall enter into agreements which require the Issuer to expend in excess of 5% of the net sale proceeds of the Bonds on the Project, constituting a substantial binding commitment, or has already done so. The acquisition, construction and equipping of the Project and the allocation of the net sale proceeds of the Bonds to expenditures of the Project shall commence immediately and shall proceed with due diligence to completion, and with the exception of proceeds, if any, deposited in the Series 2013 A Bonds Reserve Account, all of the proceeds from the sale of the Bonds, together with any investment earnings thereon, will be expended for payment of Costs of the Project on or before November 1, 2014. The acquisition and construction of the Project is expected to be completed by May 1, 2014.

8. The total cost of the Project is estimated at $3,255,000. Sources and uses of funds for the Project are as follows:

SOURCES	
Proceeds of the Series 2013 A Bonds	$1,725,000
Proceeds of Small Cities Block Grant	$1,500,000
Proceeds of West Virginia DHHR Design Grant	$30,000
Total Sources	$3,255,000
USES	
Costs of Acquisition and Construction of the Project	$3,229,500
Costs of Issuance	$25,500
Total Uses	$3,255,000

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

(1) Revenue Fund;

(2) Renewal and Replacement Fund;

(3) Series 2013 A Bonds Construction Fund;

(4) Series 2013 A Bonds Sinking Fund; and

(5) Series 2013 A Bonds Reserve Account.

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

(1) Series 2013 A Bond proceeds in the amount of $-0- will be deposited in the Series 2013 A Bonds Reserve Account.

(2) The remaining proceeds of the Series 2013 A Bonds will be deposited in the Series 2013 A Bonds Construction Fund as received from time to time and applied solely to payment of Costs of the Project, including costs of issuance of the Series 2013 A Bonds and related costs.

11. Monies held in the Series 2013 A Bonds Sinking Fund will be used solely to pay principal of and interest, if any, on the Series 2013 A Bonds and will not be available to meet costs of acquisition and construction of the Project. All investment earnings on monies in the Series 2013 A Bonds Sinking Fund and Series 2013 A Bonds Reserve Account, if any, will be withdrawn therefrom and deposited into the Series 2013 A Bonds Construction Fund during construction of the Project, and following completion of the Project, will be deposited, not less than once each year, in the Revenue Fund, and such amounts will be applied as set forth in the Bond Resolution.

12. Work with respect to the acquisition and construction of the Project will proceed with due diligence to completion. The acquisition and construction of the Project is expected to be completed within 11 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 2013 A Bonds Reserve Account, if any, all of the proceeds of the Series 2013 A Bonds will be expended on the Project within 17 months from the date of issuance thereof.

15. The Issuer does not expect to sell or otherwise dispose of the Project prior to the last maturity date of the Bonds.

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

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

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

19. The Issuer covenants that it shall maintain thorough and accurate accounting records, in conformance with generally accepted accounting principles, relative to the proceeds of Bonds so that use of proceeds of the Bonds can be accounted for.

20. The original proceeds of the Bonds will not exceed the amount necessary for the purposes of the issue.

21. The Issuer shall use the Bond proceeds solely for the Costs of the Project and the Project will be operated solely for a public purpose as a local governmental activity of the Issuer.

22. The Bonds are not federally guaranteed.

23. The Issuer has retained the right to amend the Bond Resolution authorizing the issuance of the Bonds if such amendment is necessary to assure that the Bonds remain governmental bonds.

24. The Issuer has either (a) funded the Series 2013 A Bonds Reserve Account at the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year with the proceeds of the Bonds; or (b) created the Series 2013 A Bonds Reserve Account which will be funded with equal payments made on a monthly basis over a 10-year period until such Series 2013 A Bonds Reserve Account holds an amount equal to the maximum amount of principal and interest which will mature and become due on the Bonds in the then current or any succeeding year. Monies in the Series 2013 A Bonds Reserve Account, if any, and the Series 2013 A Bonds Sinking Fund will be used solely to pay principal of and interest on the Bonds and will not be available to pay Costs of the Project.

25. There are no other obligations of the Issuer which (a) are to be issued at substantially the same time as the Bonds, (b) are to be sold pursuant to a common plan of financing together with the Bonds, and (c) will be paid out of substantially the same sources of funds or will have substantially the same claim to be paid out of substantially the same sources of funds as the Bonds.

26. 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.

27. The Issuer will comply with instructions as may be provided by the Authority, at any time, regarding use and investment of proceeds of the Bonds, rebates and rebate calculations.

28. To the best of my knowledge, information and belief, the foregoing expectations are reasonable.

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WITNESS my signature as of the date first written above.

GILMER COUNTY PUBLIC SERVICE DISTRICT

William R. Stalnaker
Chairman

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4/7/98

STATE OF WEST VIRGINIA,

COUNTY OF GILMER, TO-WIT:

IN THE COUNTY COMMISSION THEREOF

IN RE: MODIFICATION OF THE GILMER COUNTY PUBLIC SERVICE DISTRICT

ORDER

WHEREAS, on January 10, 1990, the County Commission of Gilmer County, adopted an order to create a public service district in Gilmer County to be known as the Gilmer County Public Service District; and

WHEREAS, on December 17, 1990, the Public Service Commission of West Virginia approved the creation of a public service district to serve only the Kanawha Drive area and the Sand Fork/Stouts Mills area of Gilmer County and to be known as the Gilmer County Public Service District; and

WHEREAS, the Gilmer County Public Service District has from time to time been modified to include other areas of Gilmer County as the need arose; and

WHEREAS, on March 3, 1998, the County Commission of Gilmer County, West Virginia entered a motion and order to modify the Gilmer County Public Service District to include the area southwest of the City of Glenville, which includes Normantown, Stumptown and Cedar Creek State Park, and containing 19,501± acres; and set the matter for a public hearing on April 7, 1998, at 1:00 p.m. at the Gilmer County Courthouse;

AND WHEREAS, on March 3, 1998, the County Commission of Gilmer County, West Virginia also entered a motion and order to modify the Gilmer County Public Service District to annex an area east of the City of Glenville onto the existing east area boundary, which area would encompass the proposed federal prison site, and containing 643± acres; and set the matter for a public hearing on April 7, 1998, at 1:00 p.m. at the Gilmer County Courthouse; and

WHEREAS, upon entry of the aforesaid order proposing the modification of the Gilmer County Public Service District, the Clerk of this Commission notified the Executive Secretary of the West Virginia Public Service Commission of the time and place of the hearing to be held by this Commission and filed a true copy of the motion and order and the notice of hearing at least ten days prior to such hearing; and

WHEREAS, the Clerk of this Commission further caused notice of such hearing and the time and place thereof, together with a description of all of the territory to be included therein, to be given by publication as a Class I legal advertisement in the Glenville Democrat in the issue of March 19, 1998, and also caused said notice to be posted in at least five conspicuous places in the proposed addition to the Gilmer County Public Service District more than ten days before said hearing; and

WHEREAS, on April 7, 1998, this Commission conducted the aforesaid public hearing and the County Commission being of the opinion that the modification of the Gilmer County Public Service District will be conducive to the preservation of public health, comfort and convenience of such area; and

NOW THEREFORE, this Commission does hereby on the joint motion of the undersigned Commissioners by order unanimously adopted ORDER, ADJUDGE and DECREE that the County Commission of Gilmer County, West Virginia, does hereby modify the Gilmer County Public Service District to include the area southwest of the City of Glenville, which includes Normantown, Stumptown and Cedar Creek State Park, and described as follows:

SOUTHWEST AREA ANNEXATION

Beginning at a point in the Little Kanawha River, point being a corner to the west area boundary of the Gilmer County Public Service District and the northwesternmost corner to the City of Glenville; thence S.19°48'16"E., 3,450 feet to a point in U.S. Route 33; thence S.20°40'45"W., 1950 feet to a point at the top of a hill; thence S.12°33'55"E., 3,700 feet to a point at the top of a hill; thence S.30°58'06"E., 2,600 feet to a point at the top of a hill; thence N.82°27'42"E., 8,600 feet to a point at the top of a hill; thence S.7°33'25"E., 10,550 feet and crossing Powell Knob to a point at the top of a hill; thence S.62°43'36"W., 7,700 feet to a point at the top of a hill; thence S.47°00'41"W., 5,900 feet and crossing West Virginia Secondary Route 17 to a point at the top of a hill; thence S.74°28'59"W., 7,650 feet to a point at the top of a hill, thence S.55°32'05"W., 16,250 feet and crossing Steer Run to a point at the top of a hill; thence S.80°22'52"W., 7,825 feet and crossing West Virginia Secondary Route 19 to a point at the top of a hill; thence N.87°18'22"W., 12,725 feet and crossing West Virginia Secondary Route 23 to a point at the top of a hill; thence N.9°05'37"W., 8,400 feet and crossing U.S. Route 33 to a point at the top of a hill; thence N.64°33'19"E., 4,575 feet

to a point at the top of a hill near a radio tower; thence N.88°20'03"E., 11,550 feet to a point at the top of a hill; thence N.48°40'32"E., 6,140 feet to a point at the top of a hill; thence N.37°07'22"E., 6,800 feet and crossing West Virginia Secondary Route 15 to a point at the top of a hill; thence N.58°02'57"E., 6,400 feet to a point at the top of a hill; thence N.28°03'02"E., 5,500 feet to a point at the top of a hill; thence N.38°34'37"E., 4,600 feet crossing Cedar Creek to a point at the top of a hill; thence N.16°49'44"W., 6,900 feet to a point at the top of a hill; thence N.28°03'53"E., 3,201 feet to a point in the Little Kanawha River and at the mouth Leading Creek, said point being in the boundary of the west area of the Gilmer County Public Service District; thence with a line of said Gilmer County Public Service District and Little Kanawha River, 9300± feet in an easterly direction to the point of beginning, containing 19,501± acres.

AND NOW THEREFORE, this Commission does hereby on the joint motion of the undersigned Commissioners by order unanimously adopted ORDER, ADJUDGE and DECREE that the County Commission of Gilmer County, West Virginia, does hereby modify the Gilmer County Public Service District to annex an area east of the City of Glenville onto the existing east area boundary, which area would encompass the proposed federal prison site, and described as follows:

ANNEXATION OF AN EXPANSION OF THE EAST AREA BOUNDARY

Beginning at a point in the Little Kanawha River and the mouth of Duck Creek, said point being 5,000 feet southeast along said Little Kanawha River from the southwesterly corner of the east area boundary of the Gilmer County Public Service District; thence with an existing line of said Public Service District and the Little Kanawha River in an easterly direction 2,650 feet to a ford of said river on the Bear Run Road; thence with the Bear Run Road in a southerly direction 6,275 feet to a point in Bear Run Road; thence leaving Bear Run Road, S.16°30'W., 1,500 feet to a point at the top of a hill; thence S.49°45'W., 1,000 feet to a point at the top of a hill; thence S.14°15'E., 1,350 feet to a point at the top of a hill; thence S.49°00'W., 1,725 feet to a point at the top of a hill; thence leaving top of hill N.79°45'W., 2,500 feet to a point in the intersection of Big Hollow Road and the Duck Creek Road; thence with said Duck Creek Road in a northerly direction, 5,300 feet to a point where Duck Creek Road crosses Duck Creek; thence with said Duck Creek in a northerly direction 4,000 feet to the point of beginning containing 643± acres.

The Clerk of this Commission shall within ten days after the entry of this order file the same with the Executive Secretary of the West Virginia Public Service Commission for review and approval of said Public Service Commission.

ENTER this 7th day of April, 1998.

THE COUNTY COMMISSION OF
GILMER COUNTY, WEST VIRGINIA

Larry B Chapman
LARRY B. CHAPMAN, PRESIDENT

Reta Kight
RETA KIGHT, COMMISSIONER

O. V. Ellyson
O. V. ELLYSON, COMMISSIONER

TESTE: Lorella Stalnaker
CLERK OF THE COUNTY COMMISSION
OF GILMER COUNTY, WEST VIRGINIA

4-11-98

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Issued: August 11, 1998

CASE NO. 98-0446-PWD-PC

GILMER COUNTY COMMISSION
Petition for approval to modify
the boundaries of the Gilmer
County Public Service District.

PROCEDURAL ORDER

On April 14, 1998, the Gilmer County Commission filed a petition seeking Public Service Commission approval of a boundary expansion of the Gilmer County Public Service District to add two separate areas, an area southwest of the City of Glenville which includes Normantown, Stumptown and Cedar Creek State Park, and approximately 643 acres of an area east of the City of Glenville, the site of a proposed federal prison.

In an Order dated May 8, 1998, this matter was referred to the Division of Administrative Law Judges for a decision to be rendered on or before November 10, 1998.

On May 1, 1998, Staff Attorney Cecelia Jarrell, Esquire, filed the Initial and Final Joint Staff Memorandum, to which was attached the Initial and Final Internal Memorandum of Mr. James W. Boggess, Utility Analyst II, Water and Wastewater Division. Ms. Jarrell and Mr. Boggess explained that, in Case No. 90-037-PSWD-PC, entered December 17, 1990, the Gilmer County Public Service District was created as a water and sewer provider. In that case, the Order creating the Gilmer County Public Service District encompassed the entire County within the boundaries. At that time, Staff reasoned that providing water and sewer service to the entire county would not be economically feasible and could possibly give residents false hope of receiving the services and opposed the creating of a county-wide authority where no proven facilities had been operational. At that time, the Gilmer County Commission acquiesced and adopted Staff's recommendation. Since the Commission Staff in recent past has ordered the expansion of districts to include the entire geographical area of a county, excluding private and municipal entities (i.e., Mingo and Pocahontas Counties), Staff now opines that the reasoning for limiting the Gilmer County Public Service District is outmoded since the District is a proven entity and plans are underway for extending water service. The creation of a county-wide boundary does not necessitate providing service, but merely establishes the

Public Service Commission
of West Virginia
Charleston

authority that is legally feasible, without the repetitive process of expanding boundaries piecemeal.

Staff, therefore, recommended that the Gilmer County Commission's Order submitted in this case be modified to include within the boundaries of the Gilmer County Public Service District the entire geographical area of Gilmer County, excluding the City of Glenville. There are no other public service districts in Gilmer County and the Town of Sanford is already included within the boundaries of the District.

In an E-mail received by the undersigned on August 7, 1998, Staff Attorney Jarrell advised that Ms. Loretta Stalnaker, the Gilmer County Clerk, advised that the best course at this time would be for the County Commission to proceed with the enlargement as it was originally requested. The County Commission would, at a later date, file another petition for enlargement into the remainder of the County. Ms. Jarrell suggested scheduling the original petition for a hearing in Glenville.

Based upon the above, the Administrative Law Judge is of the opinion that the following procedural schedule shall be established for the processing and resolution of this case:

1. A hearing shall be held in the Circuit Courtroom, Gilmer County Courthouse, 10 Howard Street, Glenville, West Virginia, on September 14, 1998, at 9:30 a.m.;

2. The transcript of the proceeding shall be received on or before September 28, 1998; and

3. Initial briefs in this matter shall be filed on or before October 19, 1998, and reply briefs, if any, filed on or before October 26, 1998.

ORDER

IT IS, THEREFORE, ORDERED that the procedural schedule set forth above be, and the same hereby is, established for the processing and resolution of this case.

IT IS FURTHER ORDERED that the Gilmer County Commission publish the Notice of Hearing, attached hereto as Appendix A, once, in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Gilmer County. The County Commission shall make due return to the Commission of the proper affidavit of publication within ten (10) days of said publication, but no later than September 9, 1998.

IT IS FURTHER ORDERED that the Commission's Executive Secretary shall serve a copy of this Order upon all parties of record by United States Certified Mail, return receipt requested, and upon Commission Staff by hand delivery.

Robert W. Glass
Administrative Law Judge

RWG:jas

APPENDIX A

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 98-0446-PWD-PC

GILMER COUNTY COMMISSION
Petition for approval to modify
the boundaries of the Gilmer
County Public Service District.

NOTICE OF HEARING

On April 14, 1998, the Gilmer County Commission filed a petition seeking Public Service Commission approval of a boundary expansion of the Gilmer County Public Service District to add two separate areas, an area southwest of the City of Glenville, which includes Normantown, Stumptown and Cedar Creek State Park, and approximately 643 acres east of the City of Glenville, the site of a proposed federal prison.

A hearing shall be held on the petition **in the Circuit Courtroom, Gilmer County Courthouse, 10 Howard Street, Glenville, West Virginia, on September 14, 1998, at 9:30 a.m.** Anyone wishing to protest the petition of the Gilmer County Commission must appear in person at the hearing.

GILMER COUNTY COMMISSION

received
9/21/98

Gilmer County Commission

Courthouse --10 Howard Street
Glenville, West Virginia 26351-1296

Larry B. Chapman, President
O. V. "Gene" Ellyson, Member
Reta Kight, Member
Louella Stalnaker, Clerk

September 16, 1998

William R. Stalnaker, Chairman
Gilmer County Public Service District
PO Box 729
Glenville WV 26351

RE: Modification of the Gilmer County
Public Service District

Dear Bill:

To apprise you of the action taken by the Gilmer County Commission, enclosed is a motion and order entered by the Commission at a regular session held on September 1, 1998, to modify the Gilmer County Public Service District to encompass the entire geographical area of Gilmer County, excluding the City of Glenville, and to include both water and sewer service.

Also enclosed is a notice of public hearing on modification of the Gilmer County Public Service District to be held on October 6, 1998, at 1:00 p.m. in County Commission Chambers at the Gilmer County Courthouse. The notice will be published on September 24, 1998, as a Class I legal advertisement and five notices will be posted in the area proposed to be added to the public service district.

Thank you for your consideration.

Very truly yours,

Louella Stalnaker

Louella Stalnaker
Clerk of Gilmer County Commission

LS:kh

Enclosures

Phone: *Clerk* (304) 462-7641
Commission: (304) 462-7470
FAX: (304) 462-5134
TDD: (304) 462-7306

9-1-98

NOTICE OF PUBLIC HEARING ON MODIFICATION
OF THE GILMER COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, on September 1, 1998, the Gilmer County Commission entered a motion and order to modify the Gilmer County Public Service District to include the entire geographic area of Gilmer County, excluding the City of Glenville, and to include both water and sewer service, and described as follows:

GILMER COUNTY PUBLIC SERVICE DISTRICT
DESCRIPTION FOR MODIFICATION
FOR COUNTY-WIDE EXPANSION
EXCLUDING THE CITY OF GLENVILLE
FOR WATER AND SEWER SERVICE

The territory to be embraced within the "GILMER COUNTY PUBLIC SERVICE DISTRICT" shall be all property located within the geographical boundaries of Gilmer County, West Virginia, as those boundaries are established on topographic quadrangle maps prepared by the United States Geological Survey and the West Virginia Geological and Economic Survey in conformance with prior acts of the General Assembly of the State of Virginia, acts of the Legislature of the State of West Virginia, and other applicable provisions of law, which said maps are filed with the Secretary of State of West Virginia and certified as correct by the Director and State Geologist of the West Virginia Geological and Economic Survey and recorded in the Office of the Clerk of the County Commission of Gilmer County, West Virginia, in a book entitled "Topographic Maps"; Provided, however, that there shall be excluded from the territorial boundaries of said public service district all property located within the geographical boundaries of the chartered City of Glenville, West Virginia, in that the governing body of said City has not heretofore adopted a resolution to consent to inclusion in said public service district; Provided, further, that there shall be included in the territorial boundaries of said public service district all property located within the geographical boundaries of the incorporated Town of Sand Fork, West Virginia, in that the governing body of said Town heretofore adopted a resolution to consent to inclusion in said public service district; and

WHEREAS, said motion and order further provides for a public hearing to be held on the modification of such public service district; and

NOW THEREFORE, notice is hereby given that on October 6, 1998 at 1:00 p.m., a public hearing will be held in the County Commission Courtroom at the Gilmer County Courthouse regarding the modification of the Gilmer County Public Service District, at which hearing all persons residing in or owning or having any interest in property in such area shall have the opportunity to be heard for and against such proposed modification of the Gilmer County Public Service District.

GILMER COUNTY COMMISSION

Louella Stalnaker, Clerk

STATE OF WEST VIRGINIA,

COUNTY OF GILMER, TO-WIT:

IN THE COUNTY COMMISSION THEREOF

A MOTION AND ORDER BY THE GILMER COUNTY COMMISSION TO MODIFY THE GILMER COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, on January 10, 1990, the Gilmer County Commission, adopted an order to create a public service district in Gilmer County to be known as the Gilmer County Public Service District; and

WHEREAS, on December 17, 1990, the Public Service Commission of West Virginia approved the creation of a public service district to serve only the Kanawha Drive area and the Sand Fork/Stouts Mills area of Gilmer County and to be known as the Gilmer County Public Service District; and

WHEREAS, the Gilmer County Public Service District has from time to time been modified to include other areas of Gilmer County as the need arose; and

WHEREAS, the Public Service Commission of West Virginia has recommended that the Gilmer County Public Service District be expanded to encompass the entire geographic area of Gilmer County, excluding the City of Glenville; and to include both water and sewer service.

WHEREAS, the Gilmer County Commission is now interested in modification of the Gilmer County Public Service District to include the entire geographic area of Gilmer County, excluding the City of Glenville, and to include both water and sewer service, and described as follows:

GILMER COUNTY PUBLIC SERVICE DISTRICT
DESCRIPTION FOR MODIFICATION
FOR COUNTY-WIDE EXPANSION
EXCLUDING THE CITY OF GLENVILLE
FOR WATER AND SEWER SERVICE

The territory to be embraced within the "GILMER COUNTY PUBLIC SERVICE DISTRICT" shall be all property located within the geographical boundaries of Gilmer County, West Virginia, as those boundaries are established on topographic quadrangle maps prepared by the United States Geological Survey and the West Virginia Geological and Economic Survey in conformance with prior acts of the General Assembly of the State of Virginia, acts of the Legislature

of the State of West Virginia, and other applicable provisions of law, which said maps are filed with the Secretary of State of West Virginia and certified as correct by the Director and State Geologist of the West Virginia Geological and Economic Survey and recorded in the Office of the Clerk of the County Commission of Gilmer County, West Virginia, in a book entitled "Topographic Maps"; Provided, however, that there shall be excluded from the territorial boundaries of said public service district all property located within the geographical boundaries of the chartered City of Glenville, West Virginia, in that the governing body of said City has not heretofore adopted a resolution to consent to inclusion in said public service district; Provided, further, that there shall be included in the territorial boundaries of said public service district all property located within the geographical boundaries of the incorporated Town of Sand Fork, West Virginia, in that the governing body of said Town heretofore adopted a resolution to consent to inclusion in said public service district; and

It is therefore moved by the undersigned that the Gilmer County Public Service District be modified to encompass the entire geographic area of Gilmer County, excluding the City of Glenville, and to include both water and sewer service; and

NOW THEREFORE, on joint motion of all the undersigned Commission, in accordance with West Virginia Code, Chapter 16, Article 13 A, Section 2, it is ordered that a public hearing be held on the 6th day of October, 1998, at 1:00 p.m. in the County Commission Courtroom at the Gilmer County Courthouse, Glenville, West Virginia, for the purpose of hearing all statements of those present with regard to the modification of the Gilmer County Public Service District.

All requirements of law with regard to notice and conduct of said hearing shall be met; be it unanimously so moved and ordered.

Entered this 1st day of September, 1998.

THE COUNTY COMMISSION OF
GILMER COUNTY, WEST VIRGINIA

Larry B. Chapman
LARRY B. CHAPMAN, PRESIDENT

Reta Kight
RETA KIGHT, COMMISSIONER

O V Ellyson
O. V. ELLYSON, COMMISSIONER

TESTE: Laura Stalnaker
CLERK OF THE COUNTY COMMISSION
OF GILMER COUNTY, WEST VIRGINIA

12/5/89

STATE OF WEST VIRGINIA,
COUNTY OF GILMER, TO-WIT:

At a regular session of the County Commission of Gilmer County, West Virginia, held at the courthouse thereof on Tuesday, the 5th day of December, 1989.

PRESENT: Earl J. Gainer, President, Larry B. Chapman and O. V. Ellyson, Commissioners thereof.

The meeting was called to order by the President at 8:30 A.M.

Minutes in part:

STATE OF WEST VIRGINIA,
COUNTY OF GILMER, ss:

IN THE COUNTY COMMISSION THEREOF

A MOTION AND ORDER BY THE GILMER COUNTY COMMISSION
TO CREATE THE GILMER COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Gilmer County, West Virginia, has been made aware of the need to provide to the citizens of the county, water and sewage services so as to be conductive to the preservation of the public health, comfort and convenience of the people of the entire county.

WHEREAS, the Commission is of the opinion that a public service district is the vehicle best suited to provide for those needs which service is to be for the entire geographical area of Gilmer County.

It is therefore moved by the undersigned that the Gilmer County Public Service District be created.

Now therefore, on joint motion of all the undersigned Commission, in accordance with West Virginia Code, Chapter 16, Article 13 A, Section 1 and 2, it is ordered that a public hearing be held on the 10 day of Jan., 1990, at 7:00 o'clock p.m. in the Gilmer County Courthouse, Glenville, West Virginia, for the purpose of hearing all statements of those present with regard to the creation of such county-wide district.

All requirements of law with regard to notice and conduct of said hearing shall be met; be it unanimously so moved and ordered.

Entered this 5th day of December, 1989.

Earl J. Gaines

Larry B. Chapman

O. N. Ellison

THE COUNTY COMMISSION OF
GILMER COUNTY, WEST VIRGINIA

TESTE: Lorella Stalnaker, County Clerk

Affidavit of Publication

NOTICE OF PUBLIC HEARING ON CREATION OF THE GILMER COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, the County Commission of Gilmer County, West Virginia, by order duly adopted on December 5, 1989, proposed the creation of a county wide public service district for water and sewage purposes, for Gilmer County, West Virginia, to be known as the "Gilmer County Public Service District"; and

WHEREAS, said order further provides for a public hearing to be held on the creation of such public service district on January 10, 1990, at 7:00 p.m. in the Gilmer County Courthouse;

NOW, THEREFORE, NOTICE is hereby given that on January 10, 1990, commencing at 7:00 p.m. of said day, a public hearing will be held in the Circuit Courtroom of the Gilmer County Courthouse in Glenville, Gilmer County, West Virginia, regarding the creation of a public service district for water and sewage purposes, which district shall encompass all property located within the geographical boundaries of Gilmer County, West Virginia, at which hearing all persons residing in or owning or having any interest in property in such proposed public service district shall have an opportunity to be heard for and against its creation.

Louella Steinaker, Clerk of
the Gilmer County Commission
Legal Class I 12-21c

STATE OF WEST VIRGINIA
COUNTY OF GILMER, to wit:

I, **Robert D. Arnold**, being first duly sworn upon my oath, do depose and say that I am publisher of

The Glenville Democrat, a Democrat newspaper published weekly for at least 51 weeks during the calendar year in Glenville, Gilmer County, West Virginia, that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Gilmer; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of Public Hearing - Public Service Dist.

was duly published in said newspaper once a week for 1 successive weeks (Class I), commencing with the issue of the 21st day of December, 1989 and ending with the issue of the ____ day of _____, 19__.

That the cost of publishing said annexed notice as aforesaid was $13.80.

Signed Janet A. Hodge for R D Arnold

Taken, subscribed, and sworn to before me in my said county this 22nd day of December, 1989.

My commission expires August 30 1999

Avon L. Collins

Notary Public of Gilmer County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
AVON L. COLLINS
206 East Main Street
Glenville, West Virginia 26351
My Commission Expires Aug. 30, 1999

12/15/89

The Commission having completed the business of the present term, a motion for adjournment was entered by Commission President Earl J. Gairer at 4:00 P.M. with a second to the motion by Commissioner Larry B. Chapman. Motion carried without objection.

Ordered that the Commission do now adjourn, to meet again on Friday, December 15, 1989, at 8:30 A.M.

Earl J. Gairer, President

RESOLUTION

A resolution by the Common Council of the Town of Sand Fork granting its consent for the Town of Sand Fork to be included within the proposed Gilmer County Public Service District.

WHEREAS, the County Commission of Gilmer County, West Virginia, by order duly adopted on December 5, 1989, has proposed the creation of a county wide public service district for water and sewage purposes to be known as the "Gilmer County Public Service District"; and

WHEREAS, the Town of Sand Fork wishes to be included within said public service district under the following conditions:

NOW, THEREFORE, be it RESOLVED that the Common Council of the Town of Sand Fork hereby gives its consent for the Town of Sand Fork to be included within the proposed Gilmer County Public Service District subject, however, to the following conditions:

1. That all engineering and construction plans for any water or sewer facilities to be constructed within the corporate boundaries of the Town of Sand Fork, including but not limited to the location of any pipelines, meters or valves on city street rights-of-way, shall first be approved by the Common Council of Sand Fork.

2. That the Town of Sand Fork shall be provided an inspector for any such construction.

Voted upon and passed this 8th day of January, 1990.

Attest:

Katherine M. Triplett
Recorder

Carl R Cain
Mayor

STATE OF WEST VIRGINIA,
COUNTY OF GILMER, to-wit:

I, LOUELLA STALNAKER, Clerk of the County Commission of Gilmer County, in the State of West Virginia, and such Clerk having the care and custody of the records of Minutes of County Commission Meetings, etc. of said County, do hereby certify that the foregoing is a true and accurate copy of the minutes in part of the County Commission meeting held December 5, 1989, as the same appears of record in my office in Order Book # 36 at pages 356, 366 & 367, in Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at Glenville, in the said County and State, this the 1st day of March, 19 93.

Louella Stalnaker
Clerk of County Commission of Gilmer
County, West Virginia

CARTO & MARKS INC., SPENCER, WV 25-ORDER NO. 10-4548-88

1-10-90

STATE OF WEST VIRGINIA,
COUNTY OF GILMER, TO-WIT:

At a special session of the County Commission of Gilmer County, West Virginia, held at the courthouse thereof on Wednesday the 10th day of January, 1990. The purpose of the meeting being to hold a public hearing for the purpose of hearing all statements with regard to the creation of a public service district and any other business that may come before the Commission at this time.

PRESENT: Larry B. Chapman, President, and O. V. Ellyson, Commissioner thereof.

Minutes in part:

IN THE COUNTY COMMISSION OF GILMER COUNTY, WEST VIRGINIA

IN RE: THE CREATION OF A PUBLIC SERVICE DISTRICT TO BE KNOWN AS THE GILMER COUNTY PUBLIC SERVICE DISTRICT

ORDER

WHEREAS, the County Commission of Gilmer County, West Virginia, upon its own motion, entered an order on December 5, 1989, proposing the creation of a county-wide public service district for water and sewerage purposes encompassing all property located within the geographical boundaries of Gilmer County, West Virginia, to be known as the "GILMER COUNTY PUBLIC SERVICE DISTRICT", and set the matter for a public hearing in the Circuit Courtroom of the Gilmer County Court House on January 10, 1990, at 7:00 p.m.;

WHEREAS, upon entry of the aforesaid order proposing the creation of a public service district, the Clerk of this Commission notified the Executive Secretary of the West Virginia Public Service Commission of the time and place of the hearing to be held by this Commission and filed a true copy of the order and the notice of hearing with said Executive Secretary at least ten days prior to such hearing;

WHEREAS, the Clerk of this Commission further caused notice of such hearing and the time and place thereof, together with a description of all of the territory to be included therein, to be given by publication as a Class I legal advertisement

in the Glenville Democrat for one week in the issue of December 21, 1989, and also caused said notice to be posted in at least five conspicuous places in the proposed public service district more than ten days before said hearing;

WHEREAS, on January 10, 1990, this Commission conducted the aforesaid public hearing and received testimony and evidence from various citizens owning or having an interest in property in the proposed public service district all of whom were in favor of the formation of said public service district and no testimony was offered against the formation of said public service district, by the West Virginia Public Service Commission who was not represented at said hearing, or any other citizen there in attendance;

WHEREAS, based upon the testimony and evidence received at said public hearing, this Commission does hereby find that the need does exist throughout Gilmer County, West Virginia, for additional, new, or improved water and sewerage systems, not only to improve the quality of living, but also to assist in generating new economic development;

WHEREAS, based upon the testimony and evidence received at said public hearing, this Commission does hereby find that a county-wide public service district is so situated that the construction, acquisition, maintenance, operation, improvement and extension of properties supplying water and sewerage services within such territory is conducive to the

preservation of the public health, comfort and convenience of the area;

WHEREAS, based upon the testimony and evidence received at said public hearing, this Commission does hereby find that it is feasible to create a county-wide public service district that will cooperate with the City of Glenville to integrate systems to serve as many of the residents of the County as possible with cost effective water and sewerage services, and this Commission does further find that such a county-wide public service district can feasibly construct and operate separate utility facilities serving small numbers of customers in areas of low population density on a case by case basis as it is determined to be economically prudent;

WHEREAS, based upon the testimony and evidence received at said public hearing, this Commission does hereby find that there are presently available ample financing opportunities for public water and sewerage projects through the Farmers Home Administration and other governmental agencies of both the United States of America and the State of West Virginia;

NOW THEREFORE WITNESSETH, that after due consideration of the feasibility of the creation of the proposed public district, this Commission does hereby conclude that the construction, acquisition, maintenance, operation, improvement and extension of public service properties by such public service district is feasible and will be conducive to the preservation

of public health, comfort and convenience of such area, and, therefore, this Commission does hereby on the joint motion of the undersigned Commissioners by order unanimously adopted ORDER, ADJUDGE and DECREE that:

I. The County Commission of Gilmer County, West Virginia, does hereby create a public service district to provide water and sewerage services to the citizens of Gilmer County, West Virginia, which said public service district is to be known as the "GILMER COUNTY PUBLIC SERVICE DISTRICT";

II. The territory to be embraced within the "GILMER COUNTY PUBLIC SERVICE DISTRICT" shall be all property located within the geographical boundaries of Gilmer County, West Virginia, as those boundaries are established on topographic quadrangle maps prepared by the United States Geological Survey and the West Virginia Geological and Economic Survey in conformance with prior acts of the General Assembly of the State of Virginia, acts of the Legislature of the State of West Virginia, and other applicable provisions of law, which said maps are filed with the Secretary of State of the State of West Virginia and certified as correct by the Director and State Geologist of the West Virginia Geological and Economic Survey and recorded in the Office of the Clerk of the County Commission of Gilmer County, West Virginia, in a book entitled "Topographic Maps"; Provided, however, that there shall be excluded from the territorial boundaries of said public service district all property located within the geographical boundaries of the

chartered City of Glenville, West Virginia, since the governing body of said City has not heretofore adopted a resolution to consent to inclusion in said public service district; Provided, further, that there shall be included in the territorial boundaries of said public service district all property located within the geographical boundaries of the incorporated Town of Sand Fork, West Virginia, in that the governing body of said Town heretofore adopted a resolution to consent to inclusion in said public service district; and

III. The Clerk of this Commission shall retain in her office an authentic copy of the order creating the "GILMER COUNTY PUBLIC SERVICE DISTRICT" and shall within ten days after the entry of the order file the same with the Executive Secretary of the West Virginia Public Service Commission for review and approval of said Public Service Commission.

ENTER this 10th day of January, 1990.

THE COUNTY COMMISSION OF
GILMER COUNTY, WEST VIRGINIA

Larry B. Chapman
PRESIDENT

O. V. Ellyson
COMMISSIONER

TESTE: Rosella Stalnaker
CLERK OF THE COUNTY COMMISSION
OF GILMER COUNTY, WEST VIRGINIA

The Commission having completed the business of the present term, a motion for adjournment was entered by Commission President Larry B. Chapman at 8:30 P.M., with a second to the motion by Commissioner D. V. Ellyson. Motion carried without objection.

Ordered that the Commission do now adjourn, to meet again on Monday, the 22nd day of January, 1990, at 3:30 A.M.

Larry B. Chapman, President

STATE OF WEST VIRGINIA,
COUNTY OF GILMER, to-wit:

I, LOUELLA STALNAKER, Clerk of the County Commission of Gilmer County, in the State of West Virginia, and such Clerk having the care and custody of the records of Minutes of County Commission Meetings, etc. of said County, do hereby certify that the foregoing is a true and accurate copy of the minutes in part of the County Commission meeting held January 10, 1990, as the same appears of record in my office in Order Book # 36 at pages 385, 387 & 389, in Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at Glenville, in the said County and State, this the 1st day of March, 19 93.

Louella Stalnaker
Clerk of County Commission of Gilmer
County, West Virginia

CLEYO & HARRIS INC., SPENCER, WV RE-ORDER NO. 904248-88

9-10-90

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 10th day of September, 1990.

CASE NO. 90-037-PSWD-PC

GILMER COUNTY COMMISSION, a public corporation,
Glenville, Gilmer County.
Petition for approval of creation of
Gilmer County Public Service District.

NOTICE OF HEARING

WHEREAS, on January 10, 1990, the Gilmer County Commission, a public corporation, Glenville, Gilmer County, adopted an order to create a public service district in Gilmer County to be known as the Gilmer County Public Service District, pursuant to the provisions of West Virginia Code, §16-13A-2.

Pursuant to West Virginia Code, §16-13A-2, it is necessary for the Public Service Commission to schedule a hearing in Gilmer County for the purpose of completing compliance with the requirements of West Virginia Code §16-13A-2.

IT IS, THEREFORE, ORDERED that the matters involved herein be, and they hereby are, set for hearing before Administrative Law Judge Robert W. Glass to be held in the Circuit Court Room, Gilmer County Court House, Glenville, West Virginia, on Friday, October 12, 1990, at 11:00 a.m., EDST., for the purpose of determining if the order of the County Commission of Gilmer County creating the Gilmer County Public Service District, is in the public interest.

IT IS FURTHER ORDERED that the Gilmer County Commission publish a copy of this order one (1) time in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Gilmer County, between the date hereof and October 1, 1990, making due return thereof to the Commission on or before the day of hearing.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Gilmer County Commission by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

Affidavit of Publication

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA, in the City of Charleston on the 10th day of September, 1990.

CASE NO. 90-037-PSWD-PC

GILMER COUNTY COMMISSION, a public corporation,
Glenville, Gilmer County,
Petition for approval of creation of
Gilmer County Public Service District.

NOTICE OF HEARING

WHEREAS, on January 10, 1990, the Gilmer County Commission, a public corporation, Glenville, Gilmer county, adopted an order to create a public service district in Gilmer County, to be known as the Gilmer County Public Service District, pursuant to the provisions of West Virginia Code, §16-13A-2.

Pursuant to West Virginia Code, §16-13A-2, it is necessary for the Public Service Commission to schedule a hearing in Gilmer County for the purpose of completing compliance with the requirements of West Virginia Code §16-13A-2.

IT IS, THEREFORE, ORDERED that the matters involved herein be, and they hereby are, set for hearing before Administrative Law Judge Hoover W. Glass to be held in the Circuit Court Room, Gilmer County Court House, Glenville, West Virginia, on Friday, October 12, 1990, at 11:00 a.m., EDST., for the purpose of determining if the order of the County Commission of Gilmer county creating the Gilmer County Public District, is in the public interest.

IT IS FURTHER ORDERED that the Gilmer County Commission publish a copy of this order one (1) time in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Gilmer County, between the date hereof and October 1, 1990, making due return thereof to the Commission on or before the day of hearing.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Gilmer County Commission by United States First Class Mail, and upon Commission Staff by hand delivery.

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary
Legal Class I 9-20c

STATE OF WEST VIRGINIA
COUNTY OF GILMER, to wit:

I, Robert D. Arnold, being first duly sworn upon my oath, do depose and say that I am publisher of

The Glenville Democrat, a Democrat newspaper published weekly for at least 51 weeks during the calendar year in Glenville, Gilmer County, West Virginia, that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Gilmer; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Hearing - 90-037-PSWD-PC

was duly published in said newspaper once a week for 1 successive weeks (Class 1), commencing with the issue of the 20th day of September, 19 90 and ending with the issue of the ____ day of _____, 19__.

That the cost of publishing said annexed notice as aforesaid was $22.42

Signed Robert D. Arnold, Publ

Taken, subscribed, and sworn to before me in my said county this 21st day of September, 19 90.

My commission expires August 30, 1999

Norma L. Arnold

Notary Public of Gilmer County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
NORMA L. ARNOLD
Glenville, West Virginia
My Commission Expires August 30, 1999

11-7-90

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: November 7, 1990

CASE NO. 90-037-PSWD-PC

GILMER COUNTY COMMISSION, a public corporation, Glenville, Gilmer County.
Petition for approval of the creation of the Gilmer County Public Service District.

RECOMMENDED DECISION

PROCEDURE

On January 10, 1990, the Gilmer County Commission, a public corporation, Glenville, Gilmer County, adopted an Order to create a public service district in Gilmer County to be known as the Gilmer County Public Service District, pursuant to the provisions of West Virginia Code §16-13A-2.

In accordance with the provisions of West Virginia Code §16-13A-2, it is necessary for the Public Service Commission to schedule a hearing in Gilmer County. By Order entered September 10, 1990, this matter was set for a hearing to be held in the Circuit Court Room, Gilmer County Court House, Glenville, West Virginia, on October 12, 1990. The hearing was held as scheduled. Timothy B. Butcher, Esquire, appeared as Counsel for the Gilmer County Commission. Mr. Larry Chapman, the President of the Gilmer County Commission, also appeared. Drexel Vealey, Esquire, Staff Attorney, Legal Division; Michael M. McNulty, Staff Engineer; and Mr. Robert M. Hubbard, Utility Financial Analyst, appeared on behalf of the Commission's Staff.

Although the hearing was attended by numerous members of the public, no one attending the hearing indicated that he or she wished to make a statement in protest to the petition.

Mr. Larry Chapman testified briefly as President of the Gilmer County Commission explaining that, on January 10, 1990, the Gilmer County Commission created a county-wide public service district. He explained that there has been recently completed a Kanawha Drive water line extension which services 85 customers. The Sand Fork and Stouts Mills areas, outside of Glenville, are also potential service areas which will serve approximately 190 customers. Mr. Chapman explained that the cost of the Kanawha Drive extension was $540,000, the cost of which was divided between a Small Cities Block Grant and a contribution from the County. He stated that the estimated costs of the Sand Fork/Stouts Mill project would be $1,240,000. The City of Glenville has agreed to provide service on the Kanawha Drive line until such time as the Gilmer County Public Service

District has been formed and approved. Mr. Chapman explained that, originally, the Gilmer County Public Service District was created to cover all of the County, except for the City of Glenville. This was done on a mistaken belief that this was the desire of the Public Service Commission to create a county-wide district. The Public Service Commission Staff recommended that, rather than create a county-wide district, the Gilmer County Commission should begin with those areas in which present service is feasible, such as the Kanawha Drive and Sand Fork/Stouts Run areas, and then add others as they become feasible. He continued and concluded his testimony by stating that, presently, the Sand Fork/Stouts Mill area has a water quality problem that would be corrected if its water was supplied by Glenville, which would supply the Gilmer County Public Service District. (Tr., pp. 8-19).

Mr. Michael McNulty, Staff Engineer, explained that Staff is in favor of creating a public service district in Gilmer County, but is against the county-wide public service district, because it is not economically feasible and would possibly mislead persons living in the County to believe that they would be receiving services that are not available at this time. He feels that, presently, the public service district should be restricted to the Sand Fork/Stouts Mill and Kanawha Drive areas. As more areas in the County become feasible for expansion, the District could be expanded to include these. He further explained that, because of the remoteness of some of the areas in the County, he does not foresee a county-wide public service district evolving. Because of its excess capacity, Glenville will be able to provide the water to these areas. Mr. McNulty further testified that, if the public service district is approved and a project is undertaken, the Public Service District would have to get Public Service Commission approval, at which time the finances and other aspects of the project would be examined in more detail. He added that the Farmer's Home Administration will not advance money for projects until an entity, such as the Public Service District, is created to receive the funds. (Tr., pp. 18-32).

Since no one appearing at the hearing desired to give testimony in protest to the application, with the testimony of Mr. McNulty no further evidence was taken in this matter.

FINDINGS OF FACT

1. The Gilmer County Commission adopted an Order to create a public service district in Gilmer County to be known as the Gilmer County Public Service District on January 10, 1990. (See, County Commission Order received January 18, 1990).

2. By Order dated September 10, 1990, this matter was set for a hearing to be held in Gilmer County on October 12, 1990. (See, Notice of Hearing Order dated September 10, 1990).

3. At the hearing held in this matter on November 12, 1990, Mr. Larry Chapman, President of the Gilmer County Commission, explained that, riginally, the Commission sought to create a county-wide public service istrict, but the Public Service Commission has recommended that, rather

than create a county-wide district, the County should begin with the areas that are feasible for service, such as the Kanawha Drive and Sand Fork/Stouts Mill areas and add others as they become feasible in the future. (Tr., pp. 12-13).

4. Mr. Michael McNulty, Staff Engineer, testified that the Sand Fork/Stouts Mill area has a water quality problem and he stated that the Staff was in favor of creating a public service district in Gilmer County, but was against a county-wide public service district, as it would not be economically feasible. (Tr., pp. 20, 21).

5. At the hearing held on October 12, 1990, no one appeared in protest to the action of the Gilmer County Commission concerning the Gilmer County Public Service District.

CONCLUSION OF LAW

The Administrative Law Judge is of the opinion and finds that since the Gilmer County Commission is in compliance with the provisions of West Virginia Code §16-13A-2 and at the public hearing held on October 12, 1990, no parties appeared in protest to the Gilmer County Commission action in creating the Gilmer County Public Service District, approval of the action of the Gilmer County Commission can be granted.

ORDER

IT IS, THEREFORE, ORDERED that the petition of the Gilmer County Commission, a public corporation, Gilmer County, to create the Gilmer County Public Service District, be, and the same hereby is, approved.

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in writing with the Secretary. No such waiver will be effective until

approved by order of the Commission, nor shall any such waiver operate to make any Administrative Law Judge's Order or Decision the order of the Commission sooner than five (5) days after approval of such waiver by the Commission.

Robert W. Glass
Administrative Law Judge

RWG:jas

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FILED

1990 DEC 19 AM 11: 3

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 17th day of December, 1990.

CASE NO. 90-037-PSWD-PC
GILMER COUNTY COMMISSION

COMMISSION ORDER

PROCEDURE

On January 10, 1990, the Gilmer County Commission, a public corporation, Glenville, Gilmer County, adopted an order to create a public service district in Gilmer County to be known as the Gilmer County Public Service District, pursuant to the provisions of West Virginia Code §16-13A-2.

By order entered on September 10, 1990, this matter was set for hearing to be held in the Circuit Court Room, Gilmer County Courthouse, Glenville, West Virginia, on October 12, 1990. The hearing was held as scheduled. The Gilmer County Commission was represented by Larry Chapman, its president, and by Tim Butcher, its counsel. The Commission Staff was represented by Drexel Vealey, Staff Attorney.

The Administrative Law Judge (ALJ) issued a Recommended Decision on November 7, 1990, approving the Gilmer County Public Service District as described in the County Commission Order. Exceptions to the Recommended Decision were filed by Commission Staff and by Mr. Chapman for the Gilmer County Commission.

EVIDENCE

The County Commission Order described the Gilmer County Public Service District as embracing all of Gilmer County except for the City of Glenville.

Mr. Chapman testified that the County Commission decided to include all of the county in the district because they thought that that was what the Public Service Commission wanted. And later in conversations with members of the Commission Staff they learned that the Staff preferred that the district include only those areas which it now proposed to serve, with other areas being included when it became economically feasible to serve them. He indicated that he agreed with the Staff.

Michael W. McNulty, Staff Engineer, testified that Staff was in favor of creating the public service district in Gilmer County but was opposed to a county wide district. He said that it would not be economically feasible to provide water and sewer service to every area in the county and that it would be unfair to lead some county

residents to believe that they would be getting those services. Some concern about possible liability because of the failure of the district to serve persons within its area was expressed.

DISCUSSION

The Commission is concerned with having several districts in the same county which are too small to be operated efficiently, but it recognizes the problems of including within a district a large rural area in which it may never be economically feasible to provide water and sewer service. Among those problems is the creation of unreasonable expectations among residents within the district who cannot be served and the possibility that the district could be saddled with uneconomical projects or other liabilities.

The County Commission now proposes to include only that territory in the public service district which it presently plans to serve. Other areas will be added to the district as the provision of service to such areas becomes economically feasible. That plan would provide only one public service district in Gilmer County serving that area of the county in which provision for such services are now economically feasible, but expanding to include other areas as such expansion becomes feasible.

The Commission finds the proposal of the County Commission and the Staff to be reasonable. The Recommended Decision should be reversed. The County Commission should furnish the Public Service Commission with a description of the district by metes and bounds as it is now proposed.

FINDINGS OF FACT

1. On January 10, 1990, the Gilmer County Commission adopted an order to create a public service district in Gilmer County to be known as Gilmer County Public Service District and to include all of Gilmer County except the City of Glenville. (County Commission Order)

2. At the hearing, Larry Chapman, president of the Gilmer County Commission, said that the district was set up to include the entire county because the County Commission thought the Public Service Commission wanted it that way, but that he had since learned that the Commission Staff favored limiting the district to the areas in which it was economically feasible to provide service. (Tr., pp. 12-13)

3. Michael McNulty, Staff Engineer, testified that the Staff favored a public service district in Gilmer County, but wanted the district to be limited to areas in which service was economically feasible. (Tr., pp. 20, 21)

4. In the exceptions filed on behalf of the Gilmer County Commission, Mr. Chapman made it clear that the County Commission did not want the approval of a county wide district as originally proposed.

CONCLUSIONS OF LAW

1. The Recommended Decision by an Administrative Law Judge on November 7, 1990, should be reversed insofar as it approved the creation of a county-wide public service district.

2. The Gilmer County Commission should file a description by metes and bounds of the public service district which it now favors.

ORDER

IT IS, THEREFORE, ORDERED that the Recommended Decision of November 7, 1990, is hereby modified to eliminate the approval of a county-wide public service district.

IT IS FURTHER ORDERED that the proposal submitted by the Staff and the County Commission to create a public service district to serve only these areas of the County that the County Commission believes is presently feasible is hereby approved.

IT IS FURTHER ORDERED that the Gilmer County Commission file with the Executive Secretary of the Public Service Commission within sixty (60) days of the date that this order, a description by metes and bounds of the public service district which it now supports.

IT IS FURTHER ORDERED that the Executive of the Commission serve copies of this order upon all parties by United States First Class Mail and upon the Commission Staff by hand delivery.

RS/las
ARC

A True Copy, Teste:

Howard R. Cunningham
Executive Secretary

3-23-92

Special Session Held March 23, 1992

STATE OF WEST VIRGINIA,

COUNTY OF GILMER, TO-WIT:

At a special session of the County Commission of Gilmer County, West Virginia, held at the courthouse thereof on the 23rd day of March, 1992, pursuant to a call for a special session entered by the Commission on the 4th day of February, 1992,

The purpose of the meeting being to hold a public hearing on the proposed Gilmer County Commission budget for FY 1992-93 and to finalize and approve the budget and to transact any other business that may come before the Commission at this time.

PRESENT: Larry B. Chapman, President, O. V. Ellyson and Reta Kight, Commissioners thereof.

Minutes in part:

Upon discussion, a motion was entered by Commissioner Reta Kight that the Commission approve and submit to the Public Service Commission for approval a proposal for revision of the boundaries of the Gilmer County Public Service District to include the area northeast of Glenville along Route 33, as proposed by the Gilmer County Public Service District, and with revised metes and bounds description as prepared by Horner Brothers Engineers. A second to the motion was entered by Commissioner O. V. Ellyson. Motion carried by unanimous vote.

See File # 93

GILMER COUNTY COMMISSION
COURTHOUSE
GLENVILLE, WEST VIRGINIA 26351
(304) 462-7641

LARRY B. CHAPMAN, PRESIDENT
O.V. GENE ELLYSON, MEMBER
RETA B. KIGHT, MEMBER

LOUELLA STALNAKER, CLERK

March 23, 1992

Howard M. Cunningham
Executive Secretary
Public Service Commission
P. O. Box 812
Charleston, WV 25323

RE: Gilmer County Public Service District

Dear Mr. Cunningham:

Enclosed for your approval is a map showing the proposed revised boundaries of the Gilmer County Public Service District. Also, enclosed is the revised metes and bounds description.

The District has decided to pursue a water project which includes the area northeast of Glenville along Route 33. The District boundaries have been revised to include this new area. As with the two present District areas, the Route 33 area has been closely cropped to include basically those houses who are proposed to receive water from the current project.

We again request your aproval for these proposed changes justifiably needed for our Gilmer County Public Service District.

Very truly yours,

Larry B. Chapman

Larry B. Chapman
President of Gilmer County Commission

LBC:kh

GILMER COUNTY PUBLIC SERVICE DISTRICT
METES AND BOUNDS DESCRIPTION

WEST AREA

BEGINNING at a point in the center of the Little Kanawha River at the intersection of said river and the corporate boundary of the City of Glenville; thence downstream with the meanders of Little Kanawha River in a westerly direction 24,400 feet to a point; thence N57°10'E 1080 feet to a point; thence S29°36'E 2870 feet to a point; thence N59°15'E 5630 feet to a point; thence S36°55'E 3890 feet to a point; thence S77°24'E 8710 feet to a point; thence N71°03'E 7900 feet to a point; thence S15°15'E 1190 feet to a point; thence S16°50'W 2190 feet to a point; thence S63°06'W 2210 feet to a point which intersects the corporate boundary of the City of Glenville; thence with the meanders of Glenville's corporate boundary in a westerly direction 7680 feet to the point of beginning in the Little Kanawha River and containing 1460 acres.

EAST AREA

BEGINNING at a point in the center of the Little Kanawha River where it is crossed by a bridge to Conrad Cemetery; thence downstream with the meanders of Little Kanawha River in a northwesterly direction 36,540 feet to a point; thence N13°15'W 860 feet to a point; thence N69°30'E 2710 feet to a point; thence S73°07'E 8420 feet to a point; thence S50°14'E 6420 feet to a point which intersects the corporate boundary of the Town of Sand Fork; thence with Sand Fork's corporate boundary in a northeasterly direction 1620 feet to a point which intersects the Sand Fork watercourse; thence upstream with the meanders of the Sand Fork watercourse in a northeasterly direction 5600 feet to a point; thence S14°35'W 2620 feet to a point; thence S31°42'E 7510 feet to a point; thence S3°15'W 3700 feet to the point of beginning in the Little Kanawha River and containing 1675 acres.

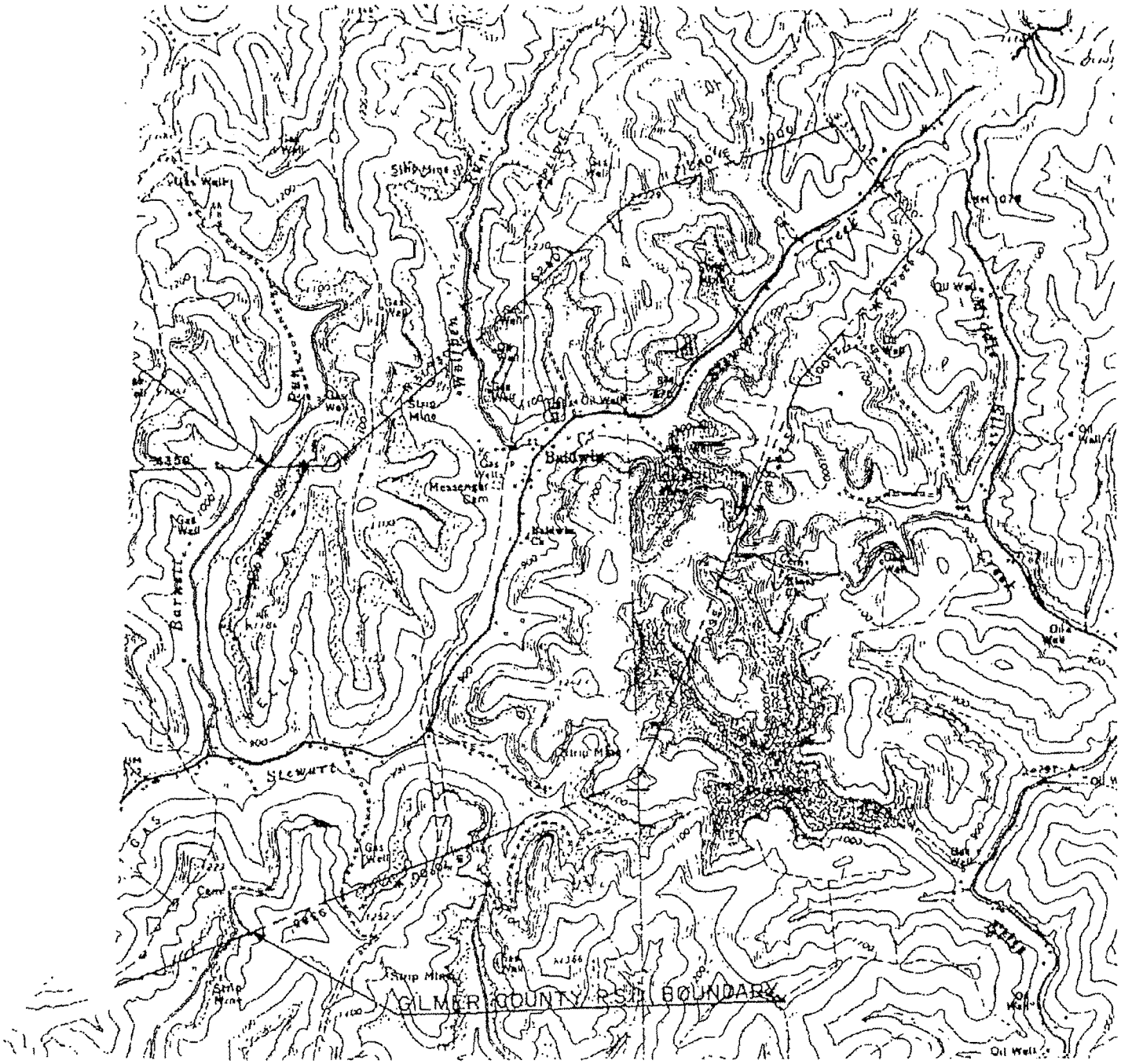
(Continued on Page 2)

GILMER COUNTY PUBLIC SERVICE DISTRICT
METES AND BOUNDS DESCRIPTION
(Continued From Page 1)

NORTHEAST AREA

BEGINNING at a point in the center of U.S. Route 33, said point being 500 feet southwest of the intersection of Grass Run road, thence S52°10'E 3750 feet to the top of a hill, thence S70°45'E 4250 feet to the top of a hill, thence N70°00'E 9383 feet to the top of a ridge, thence N24°00E 6600 feet to the top of a hill, thence N42°45'E 2900 feet to a point, thence N37°15'W 2200 feet and crossing U.S. Route 33 to the top of a hill, thence S71°40'W 3300 feet to the top of a hill, thence S50°30'W 6250 feet to the top of a hill, thence N89°55'W 6350 feet to the top of a hill, thence S57°45'W 3600 feet to the top of a hill, thence S79°30'W 4050 feet to the top of a hill, thence S52°10'E 2800 feet to the point of beginning and containing 2967 acres.

The Gilmer County Public Service District, as fully described above, contains a total of 6102 acres.


Baldwin
Messenger Cem
Strip Mine
Gas Well
Oil Well
Stewart
Barnett
Creek
GILMER COUNTY RSD BOUNDARY

The Commission having completed the business of the present term, a motion for adjournment was entered by Commissioner D. V. Ellyson at 4:00 P.M., with a second to the motion by Commissioner Reta Kight, motion carried without objection.

Ordered that the Commission do now adjourn, to meet again on Tuesday, the 7th day of April, 1992.

_____, President

STATE OF WEST VIRGINIA,

COUNTY OF GILMER, to-wit:

I, LOUELLA STALNAKER, Clerk of the County Commission of Gilmer County, in the State of West Virginia, and such Clerk having the care and custody of the records of Minutes of County Commission Meetings, etc. of said County, do hereby certify that the foregoing is a true and accurate copy of the minutes in part of the County Commission meeting held March 23, 1992, as the same appears of record in my office in Order Book # 37 at pages 416, 430 & 431, in Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at Glenville, in the said County and State, this the 1st day of March, 19 93.

Louella Stalnaker
Clerk of County Commission of Gilmer
County, West Virginia

CASTO & HARRIS INC., SPENCER, WV RE-ORDER NO. 904348-66

4-7-92

STATE OF WEST VIRGINIA,

COUNTY OF GILMER, TO-WIT:

At a regular session of the County Commission of Gilmer County, West Virginia, held at the courthouse thereof on Tuesday, the 7th day of April, 1992.

PRESENT: Larry B. Chapman, President, O. V. Ellyson and Reta Kight, Commissioners thereof.

Minutes in part:

STATE OF WEST VIRGINIA,

COUNTY OF GILMER, ss:

IN THE COUNTY COMMISSION THEREOF

A MOTION AND ORDER BY THE GILMER COUNTY COMMISSION TO MODIFY THE GILMER COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, on January 10, 1990, the Gilmer County Commission, adopted an order to create a public service district in Gilmer County to be known as the Gilmer County Public Service District; and

WHEREAS, on December 17, 1990, the Public Service Commission of West Virginia approved the creation of a public service district to serve only the Kanawha Drive area and the Sand Fork/Stouts Mills area of Gilmer County and to be known as the Gilmer County Public Service District; and

WHEREAS, the Gilmer County Commission is now interested in modification of the Gilmer County Public Service District to include the area northeast of Glenville along U. S. Route 33/119 from 500 feet southwest of the intersection of Grassy Run Road to near the foot of Stewart's Creek hill and containing 2,967 acres; and

It is therefore moved by the undersigned that the Gilmer County Public Service District be modified.

NOW THEREFORE, on joint motion of all the undersigned Commission, in accordance with West Virginia Code, Chapter 16, Article 13 A, Section 1 and 2, it is ordered that a public hearing be held on the 5th day of May, 1992, at 11:00 o'clock a.m. in the Gilmer County Courthouse, Glenville, West Virginia, for the purpose of hearing all statements of those present with regard to the modification of the Gilmer County Public Service District.

All requirements of law with regard to notice and conduct of said hearing shall be met; be it unanimously so moved and ordered.

Entered this 7th day of April, 1992.

THE COUNTY COMMISSION OF
GILMER COUNTY, WEST VIRGINIA

Larry B. Chapman, President

O.N. Ellyson, Commissioner

Peta Light, Commissioner

TESTE: Louella Stalnaker, County Clerk

The Commission having completed the business of the present term, a motion for adjournment was entered by Commissioner O. V. Ellyson at 4:00 p.m., with a second to the motion by Commissioner Reta Kight. Motion carried without objection.

Ordered that the Commission do now adjourn, to meet again on Tuesday, the 21st day of April, 1992.

Larry B Chapman, President

STATE OF WEST VIRGINIA,
COUNTY OF GILMER, to-wit:

I, LOUELLA STALNAKER, Clerk of the County Commission of Gilmer County, in the State of West Virginia, and such Clerk having the care and custody of the records of Minutes of County Commission Meetings, etc. of said County, do hereby certify that the foregoing is a true and accurate copy of the minutes in part of the County Commission meeting held April 7, 1992,

as the same appears of record in my office in Order Book # 37 at pages 431, 440 & 453,

in Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at Glenville, in the said County and State, this the 1st day of March, 19 93

Louella Stalnaker
Clerk of County Commission of Gilmer
County, West Virginia

CARTO & HARRIS INC., SPENCER, WV RE-ORDER NO. 904749-95

Affidavit of Publication

NOTICE OF PUBLIC HEARING ON MODIFICATION OF THE GILMER COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, on January 10, 1990, the Gilmer County Commission, adopted an order to create a public service district in Gilmer County to be known as the Gilmer County Public Service District; and

WHEREAS, on December 17, 1990, the Public Service Commission of West Virginia approved the creation of a public service district to serve only the Kanawha Drive area and the Sand Fork/Sloots Mills area of Gilmer County and to be known as the Gilmer County Public Service District; and

WHEREAS, on April 7, 1992, the Gilmer County Commission entered a motion and order to modify the Gilmer County Public Service District to include the area northeast of Glenville along U.S. Route 33/119 from 500 feet southwest of the intersection of Grassy Run Road to near the foot of Stewart's Creek hill and described as follows

BEGINNING at a point in the center of U.S. Route 33, said point being 500 feet southwest of the intersection of Grass Run road, thence S52° 10'E 3750 feet to the top of a hill, thence S70° 45 E 4250 feet to the top of a hill, thence N70° 30 E 9385 feet to the top of a ridge, thence N24° 00E 6600 feet to the top of a hill, thence N42° 45 E 2900 feet to a point, thence N37° 15W 2200 feet and crossing U.S. Route 33 to the top of a hill, thence S71° 40'W 3300 feet to the top of a hill, thence S50° 30'W 5250 feet to the top of a hill, thence N89° 55'W 6550 feet to the top of a hill, thence S57° 45'W 3600 feet to the top of a hill, thence S79° 30'W 4050 feet to the top of a hill, thence S52° 10'E 2800 feet to the point of beginning and containing 2967 acres

WHEREAS, said motion and order further provides for a public hearing to be held on the modification of such public service district; and

NOW THEREFORE, NOTICE is hereby given that on May 5, 1992, at 11:00 a.m., a public hearing will be held in County Commission Chambers at the Gilmer County Courthouse regarding the modification of the Gilmer Count Public Service District, at which hearing all persons residing in or owning or having any interest in property in such area shall have the opportunity to be heard for and against such proposed addition to the Gilmer County Public Service District.

Gilmer County Commission
Louella Stalnaker, Clerk
Legal Class 1 4-23e

STATE OF WEST VIRGINIA
COUNTY OF GILMER, to wit:

I, Robert D. Arnold, being first duly sworn upon my oath, do depose and say that I am publisher of

The Glenville Democrat, a Democrat newspaper published weekly for at least 51 weeks during the calendar year in Glenville, Gilmer County, West Virginia, that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Gilmer; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Public Hearing

was duly published in said newspaper once a week for 1 successive weeks (Class I), commencing with the issue of the 23rd day of April, 1992 and ending with the issue of the ____ day of _____, 19__.

That the cost of publishing said annexed notice as aforesaid was $22.42

Signed [signature]

Taken, subscribed, and sworn to before me in my said county this 24th day of April, 1992

My commission expires August 30, 1999

Avon L. Arnold
Notary Public of Gilmer County, West Virginia

Posted Friday, April 24 10:30 a.m.

1) The Body Shop Rt 33/119

2) Jake's Run Rd Rt 33/119

3) Wolfe Penn/Spruce Run Rd Rt 33/119

4) Bonnett Run Rd. Rt 33/119

5) _ of mile from foot of Stewart's Creek Rd Hill Rt 33/119

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
AVON L. ARNOLD
[illegible]
Glenville, West Virginia 26351
My Commission Expires Aug. 30, 1999

4-21-92

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 21st day of April, 1992.

CASE NO. 92-0322-PWD-PC

GILMER COUNTY COMMISSION
Petition to expand boundaries of Gilmer County Public Service District.

COMMISSION REFERRAL ORDER

IT IS ORDERED that this proceeding be referred to the Division of Administrative Law Judges.

IT IS FURTHER ORDERED that the ALJ Division shall render its decision in this matter on or before October 20, 1992.

IT IS FURTHER ORDERED that if the participants desire an extension of the foregoing decision due date, they may seek an extension only upon formal application to the Commission.

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

A True Copy, Teste:

LG:dt

Howard M. Cunningham
Executive Secretary

5-5-92

STATE OF WEST VIRGINIA,

COUNTY OF GILMER, TO-WIT:

At a regular session of the County Commission of Gilmer County, West Virginia, held at the courthouse thereof on Tuesday, the 5th day of May, 1992.

PRESENT: Larry B. Chapman, President, O. V. Ellyson and Reta Kight, Commissioners thereof,

Minutes in part:

STATE OF WEST VIRGINIA,

COUNTY OF GILMER, ss:

IN THE COUNTY COMMISSION THEREOF

IN RE: MODIFICATION OF THE GILMER COUNTY PUBLIC SERVICE DISTRICT

ORDER

WHEREAS, on January 10, 1990, the County Commission of Gilmer County, West Virginia, adopted an order to create a public service district in Gilmer County to be known as the Gilmer County Public Service District; and

WHEREAS, on December 17, 1990, the Public Service Commission of West Virginia approved the creation of a public service district to serve only the Kanawha Drive area and the Sand Fork/Stouts Mills area of Gilmer County and to be known as the Gilmer County Public Service District; and

WHEREAS, on April 7, 1992, the County Commission of Gilmer County, West Virginia entered a motion and order to modify the Gilmer County Public Service District to include the area northeast of Glenville along U.S. Route 33/119 from 500 feet southwest of the intersection of Grassy Run Road to near the foot of Stewart's Creek hill and containing 2,967 acres; and set the matter for a public hearing on May 5, 1992, at 11:00 a.m. at the Gilmer County Courthouse; and

WHEREAS, upon entry of the aforesaid order proposing the modification of the Gilmer County Public Service District, the Clerk of this Commission notified the Executive Secretary of the West Virginia Public Service Commission of the time and place of the hearing to be held by this Commission and filed a true copy of the motion and order and the notice of hearing at least ten days prior to such hearing, and

WHEREAS, the Clerk of this Commission further caused notice of such hearing and the time and place thereof, together with a description of all of the territory to be included therein, to be given by publication as a Class I legal advertisement in the Glenville Democrat in the issue of April 23, 1992, and also caused said notice to be posted in at least five conspicuous places in the proposed addition to the Gilmer County Public Service District more than ten days before said hearing; and

WHEREAS, on May 5, 1992, this Commission conducted the aforesaid public hearing and no testimony or evidence against the said proposed addition to the Gilmer County Public Service District was offered by any citizen owning or having an interest in property in the area of the proposed addition, and no testimony was offered against the proposed addition to the Gilmer County Public Service District by the West Virginia Public Service Commission, who was not represented at said hearing; and

NOW THEREFORE, this Commission does hereby on the joint motion of the undersigned Commissioners by order unanimously adopted ORDER, ADJUDGE and DECREE that the County Commission of Gilmer County, West Virginia, does hereby modify the Gilmer County Public Service District to include the area northeast of Glenville along U.S. Route 33/119 from 500 feet southwest of the intersection of Grassy Run Road to near the foot of Stewart's Creek hill and described as follows:

BEGINNING at a point in the center of U.S. Route 33, said point being 500 feet southwest of the intersection of Grass Run road, thence S52°10'E 3750 feet to the top of a hill, thence S70°45'E 4250 feet to the top of a hill, thence N70°00'E 9385 feet to the top of a ridge, thence N24°00E 6600 feet to the top of a hill, thence N42°45'E 2900 feet to a point, thence N37°15'W 2200 feet and crossing U.S. Route 33 to the top of a hill, thence S71°40'W 3300 feet to the top of a hill, thence S50°30'W 6250 feet to the top of a hill, thence N89°55'W 6350 feet to the top of a hill, thence S57°45'W 3600 feet to the top of a hill, thence S79°30'W 4050 feet to the top of a hill, thence S52°10'E 2800 feet to the point of beginning and containing 2967 acres.

The Clerk of this Commission shall within ten days after the entry of this order file the same with the Executive Secretary of the West Virginia Public Service Commission for review and approval of said Public Service Commission.

ENTER this 5th day of May, 1992.

THE COUNTY COMMISSION OF
GILMER COUNTY, WEST VIRGINIA

PRESIDENT

COMMISSIONER

COMMISSIONER

TESTE:

CLERK OF THE COUNTY COMMISSION
OF GILMER COUNTY, WEST VIRGINIA

The Commission having completed the business of the present term, a motion for adjournment was entered by Commissioner O. V. Ellyson at 4:00 p.m., with a second to the motion by Commissioner Reta Kight. Motion carried without objection.

Ordered that the Commission do now adjourn, to meet again on Friday, the 15th day of May, 1992.

_____, President

STATE OF WEST VIRGINIA,
COUNTY OF GILMER, to-wit:

I, LOUELLA STALNAKER, Clerk of the County Commission of Gilmer County, in the State of West Virginia, and such Clerk having the care and custody of the records of Minutes of County Commission Meetings, etc., of said County, do hereby certify that the foregoing is a true and accurate copy of the minutes in part of the County Commission meeting held May 5, 1992, as the same appears of record in my office in Order Book # 37 at pages 461, 472 & 476, in Testimony Whereof, I have hereunto set my hand and affixed the seal of said Commission, at Glenville, in the said County and State, this the 1st day of March, 19 93

Louella Stalnaker
Clerk of County Commission of Gilmer
County, West Virginia

CARTO & HAMMS INC., SPENCER, WV RE-ORDER NO. 904346-96

5-19-92

FILED

1992 JUN -9 PM 1:50

GILMER COUNTY CLERK
GLENVILLE, W.VA.

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered: May 19, 1992

FINAL
6-8-92

CASE NO. 92-0322-PWD-PC

GILMER COUNTY COMMISSION
Petition to expand boundaries
of Gilmer County Public Service
District.

RECOMMENDED DECISION

On March 25, 1992, the Gilmer County Commission (County Commission) filed a proposed revision to the boundaries of the Gilmer County Public Service District with the Public Service Commission. The County Commission submitted both a map and a revised metes and bounds description. According to the filing, Gilmer County Public Service District has decided to pursue a water project which includes the area northeast of Glenville along Route 33. The District boundaries need to be revised to include the new area.

On April 21, 1992, the Commission issued its Referral Order in this matter, referring this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before October 20, 1992.

On May 18, 1992, Staff Attorney Ronald E. Robertson filed the Final Joint Staff Memorandum in this proceeding. Attached to Mr. Robertson's Memorandum was an Internal Memorandum dated May 1, 1992, from William Nelson, Utility Analyst, Public Service District Division, which was incorporated in the Final Joint Staff Memorandum. According to the Final Joint Staff Memorandum, upon a review of the filing in this proceeding, Commission Staff determined that the Gilmer County Commission had not taken the necessary steps required by West Virginia Code §16-13A-2 to revise the boundaries of Gilmer County Public Service District. Particularly, the Gilmer County Commission had not published notice of the proposed boundary change or held the required public meetings. Upon determining that the Gilmer County Commission had not taken the necessary actions, Commission Staff contacted the Gilmer County Commission, which then proceeded to take the steps necessary to revise the boundaries of the Gilmer County Public Service District.

On April 20, 1992, the Gilmer County Commission filed another petition to modify the boundaries of the Gilmer County Public Service District, indicating that the appropriate steps were now being taken to modify those boundaries. This petition was given a new case designation, Case No. 92-0415-PWD-PC. Commission Staff is recommending that Case No. 92-0322-W-PC be dismissed, since it is duplicative of the more recent filing and since the more recent filing is the filing in which the County

Commission is taking the appropriate steps to modify the boundaries of the Gilmer County Public Service District.

Upon consideration of all of the above, the Administrative Law Judge is of the opinion that the Staff recommendation is reasonable and should be adopted. Accordingly, the instant proceeding shall be dismissed, and the proposed expansion of the boundaries of Gilmer County Public Service District shall be addressed in Case No. 92-0415-PWD-PC.

FINDING OF FACT

The instant filing is duplicative of a subsequent filing made by the Gilmer County Commission to revise the boundaries of the Gilmer County Public Service District, which subsequent filing has been designated as Case No. 92-0415-PWD-PC. (Final Joint Staff Memorandum filed May 18, 1992).

CONCLUSION OF LAW

Since the instant proceeding is duplicative of a subsequent proceeding, designated as Case No. 92-0415-PWD-PC, it is reasonable to dismiss this proceeding from the Commission's docket of open cases, and to pursue the proposed expansion of the boundaries of Gilmer County Public Service District in the subsequent case.

ORDER

IT IS, THEREFORE, ORDERED that this proceeding be, and it hereby is, dismissed and removed from the Commission's docket of open cases. The proposed expansion of the boundaries of Gilmer County Public Service District shall be addressed in Case No. 92-0415-PWD-PC.

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 [illegible]ting with the Secretary. No such waiver will be effective until [illegible]roved by order of the Commission, nor shall any such waiver operate to

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

Melissa K. Marland

Melissa K. Marland
Chief Administrative Law Judge

MKM:jas

5-20-92

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FILED

1992 MAY 21 PM 1:29

CLERK CO. AT
GLENVILLE, W.VA.

At a session of the PUBLIC SERVICE COMMISSION OF WEST VIRGINIA in the City of Charleston on the 20th day of May, 1992

CASE NO. 92-0415-PWD-PC

GILMER COUNTY COMMISSION
Petition to expand boundaries of Gilmer County Public Service District.

COMMISSION REFERRAL ORDER

IT IS ORDERED that this proceeding be referred to the Division of Administrative Law Judges.

IT IS FURTHER ORDERED that the ALJ Division shall render its decision in this matter on or before November 16, 1992.

IT IS FURTHER ORDERED that if the participants desire an extension of the foregoing decision due date, they may seek an extension only upon formal application to the Commission.

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

A True Copy, Teste:

Howard M. Cunningham
Executive Secretary

LG:dt

6-11-92

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FILED

1992 JUN 12 PM 1:21

GILMER COUNTY CLERK
GLENVILLE, W.VA.

Issued: June 11, 1992

CASE NO. 92-0415-PWD-PC

GILMER COUNTY COMMISSION
Petition to expand boundaries of
Gilmer County Public Service District.

PROCEDURAL ORDER

On April 17, 1992, the Gilmer County Commission filed a proposed order for the expansion of the boundaries of the Gilmer County Public Service District to include the area northeast of Glenville along U.S. Route 33/119 from 500 feet southwest of the intersection of Grassy Run Road to a point near the foot of Stewart's Creek Hill, and more particularly described in said order. On May 3, 1992, the Gilmer County Commission filed an affidavit of publication and posting with respect to its scheduled hearing on the matter of the expansion of the boundaries of the Gilmer County Public Service District. On May 10, 1992, the Gilmer County Commission filed the executed copy of its order entered on May 5, 1992, formally approving the expansion of the Gilmer County Public Service District boundaries.

On May 18, 1992, Staff Attorney Ronald E. Robertson, Jr., filed a Final Joint Staff Memorandum in this proceeding. Attached to Mr. Robertson's Memorandum was an Initial and Final Staff Internal Memorandum dated May 4, 1992, from William A. Nelson, Utilities Financial Analyst, Public Service District Division, which is incorporated in the Final Joint Staff Memorandum. Commission Staff recommended that the Public Service Commission establish a hearing to be set in Gilmer County to comply with the requirements of West Virginia Code §16-13A-2 regarding boundary enlargements of a public service district. Mr. Nelson's Memorandum further recommended that the boundary expansion for Gilmer County Public Service District be approved.

On May 20, 1992, the Public Service Commission issued its Referral Order in this matter, referring this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before November 16, 1992.

Upon consideration of all the above, the Administrative Law Judge will set this matter for hearing for the purpose of complying with the provisions of West Virginia Code §16-13A-2. Accordingly, the matters involved herein will be scheduled for hearing to be held on July 15, 1992, at :00 p.m. The Gilmer County Commission shall publish a copy of the notice attached hereto as Appendix A one time in a newspaper published and of general circulation in Gilmer County, with the publication to occur not

ore than thirty and not less than ten days prior to the scheduled date of hearing.

ORDER

IT IS, THEREFORE, ORDERED that the matters involved herein be, and they hereby are, scheduled for hearing to be held on July 15, 1992, in the County Commissioners' Courtroom, Gilmer County Courthouse, Glenville, Gilmer County, at 2:00 p.m.

IT IS FURTHER ORDERED that the Gilmer County Commission provide public notice of the hearing scheduled in this matter by publishing a copy of the notice attached hereto as Appendix A one time in a newspaper, duly qualified by the Secretary of State, published and of general circulation in Gilmer County, with said publication to occur not sooner than thirty (30) days and not less than ten (10) days prior to the scheduled date of hearing.

IT IS FURTHER ORDERED that the Executive Secretary of the Commission serve a copy of this order upon the Gilmer County Commission and the Gilmer County Public Service District by United States Certified Mail, return receipt requested, and upon Commission Staff by hand delivery.

Melissa K. Marland

Melissa K. Marland
Chief Administrative Law Judge

MKM:dfs

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 92-0415-PWD-PC

GILMER COUNTY COMMISSION
Petition to expand boundaries of
Gilmer County Public Service District.

NOTICE OF HEARING

On May 10, 1992, the Gilmer County Commission filed a copy of its order, adopted on May 5, 1992, expanding the boundaries of the Gilmer County Public Service District to include the area northeast of Glenville along U.S. Route 33/119 from 500 feet southwest of the intersection of Grassy Run Road to a point near the foot of Stewart's Creek Hill, and containing approximately 2,967 acres. The precise boundary adjustment for the Gilmer County Public Service District is set forth in more detail in the order of the Gilmer County Commission adopting and approving the boundary enlargement.

The matters involved herein have been set for hearing to be held on July 15, 1992, in the County Commissioners' Courtroom, Gilmer County Courthouse, at 2:00 p.m., for the purpose of complying with the statutory requirements of West Virginia Code §16-13A-2. Anyone interested may appear at the hearing and make such statements with respect to the proposed boundary enlargement of the Gilmer County Public Service District as may be deemed appropriate.

GILMER COUNTY COMMISSION

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON
CASE NO. 92-0415-PWD-PC
GILMER COUNTY COMMISSION
Petition to expand boundaries of
Gilmer County Public Service District.
NOTICE OF HEARING

On May 10, 1992, the Gilmer County Commission filed a copy of its order, adopted on May 5, 1992, expanding the boundaries of the Gilmer County Public Service District to include the area northeast of Glenville along U.S. Route 33/119 from 500 feet southwest of the intersection of Grassy Run Road to a point near the foot of Stewart's Crack Hill, and containing approximately 2,567 acres. The precise boundary adjustment for the Gilmer County Public Service District is set forth in more detail in the order of the Gilmer County Commission adopting an approving the boundary enlargement.

The matters involved herein have been set for hearing to be held on July 15, 1992, in the County Commissioners' Courtroom, Gilmer County Courthouse, at 2:00 p.m., for the purpose of complying with the statutory requirements of West Virginia Code §16-13A-2. Anyone interested may appear at the hearing and make such statements with respect to the proposed boundary enlargement of the Gilmer County Public Service District as may be deemed appropriate.

Gilmer County Commission
Legal Class 1 6-25c

Affidavit of Publication

STATE OF WEST VIRGINIA
COUNTY OF GILMER, to wit:

I, Robert D. Arnold, being first duly sworn upon my oath, do depose and say that I am publisher of

The Glenville Democrat, a Democrat newspaper published weekly for at least 51 weeks during the calendar year in Glenville, Gilmer County, West Virginia, that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Gilmer; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Hearing - Case # 92-0415-PWD-PC

was duly published in said newspaper once a week for 1 successive weeks (Class I), commencing with the issue of the 25th day of June, 1992 and ending with the issue of the ____ day of _____, 19__.

That the cost of publishing said annexed notice as aforesaid was $13.50

Signed [signature]

Taken, subscribed, and sworn to before me in my said county this 21st day of June, 1992.

My commission expires August 30, 1999

[signature]

Notary Public of Gilmer County, West Virginia

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
AVON L. ARNOLD
[illegible]
My Commission Expires Aug. 30, 1999

7-22-92

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

FILED

1992 JUL 23 PM 12:58

GILMER COUNTY CLERK
GLENVILLE, W.VA.

Entered: July 22, 1992

CASE NO. 92-0415-PWD-PC

GILMER COUNTY COMMISSION
Petition to expand boundaries of
Gilmer County Public Service District.

RECOMMENDED DECISION

PROCEDURE

On April 17, 1992, the Gilmer County Commission filed a proposed order for the expansion of the boundaries of the Gilmer County Public Service District to include the area northeast of Glenville along U.S. Route 33/119 from 500 feet southwest of the intersection of Grassy Run Road to a point near the foot of Stewart's Creek Hill, and more particularly described in said order. On May 3, 1992, the Gilmer County Commission filed an affidavit of publication and posting with respect to its scheduled hearing on the matter of the expansion of the boundaries of the Gilmer County Public Service District. On May 10, 1992, the Gilmer County Commission filed the executed copy of its order entered on May 5, 1992, formally approving the expansion of the Gilmer County Public Service District boundaries.

On May 18, 1992, Staff Attorney Ronald E. Robertson, Jr., filed a Final Joint Staff Memorandum in this proceeding. Attached to Mr. Robertson's Memorandum was an Initial and Final Staff Internal Memorandum dated May 4, 1992, from William A. Nelson, Utilities Financial Analyst, Public Service District Division, which is incorporated in the Final Joint Staff Memorandum. Commission Staff recommended that the Public Service Commission establish a hearing to be set in Gilmer County to comply with the requirements of West Virginia Code §16-13A-2 regarding boundary enlargements of a public service district. Mr. Nelson's Memorandum further recommended that the boundary expansion for Gilmer County Public Service District be approved.

On May 20, 1992, the Public Service Commission issued its Referral Order in this matter, referring this proceeding to the Division of Administrative Law Judges for a decision to be rendered on or before November 16, 1992.

On June 11, 1992, the undersigned Administrative Law Judge (ALJ) issued a Procedural Order in this matter, setting this matter for hearing for the purpose of complying with the provisions of West Virginia Code

§16-13A-2. The hearing was scheduled to be held on July 15, 1992, at 2:00 p.m., in the County Commissioners' Court Room, Gilmer County Courthouse. The notice provided that anyone interested may appear at the hearing and make such statements with respect to the proposed boundary enlargement of the Gilmer County Public Service District as may be deemed appropriate.

On July 2, 1992, the Gilmer County Public Service District filed an affidavit of publication, indicating that the required notice was published on June 25, 1992, in the Glenville Democrat, a newspaper published and of general circulation in Gilmer County. Accordingly, the publication requirements set forth in the order of June 11, 1992, have been fulfilled.

The hearing set for July 15, 1992, was held as scheduled. Commission Staff appeared by Staff Attorney Ronald E. Robertson, Jr., Esquire, of the Commission's Legal Division. The Gilmer County Commission was present by two of its members, but was not represented by counsel. No members of the public appeared to make any statements or indicate any protest to the proposed expansion of the boundaries of Gilmer County Public Service District. Additionally, no one else was present for the purpose of participating in this matter. Since no parties appeared to protest the proposed expansion of the boundaries of Gilmer County Public Service District, and in light of the fact that Commission Staff had already indicated its approval of the expansion through its Memorandum filed on May 18, 1992, the parties agreed to stipulate the Staff recommendation into evidence as Staff Exhibit No. 1, and the petition and order of the Gilmer County Commission, requesting Commission approval of the boundary expansion, were stipulated into evidence as County Commission Exhibit No. 1. With the stipulation of the two exhibits into evidence, the hearing was adjourned. The transcript of the hearing was filed on July 21, 1992, and consists of five pages.

DISCUSSION

The Gilmer County Commission has fully complied with all of the requirements of West Virginia Code §16-13A-2, with respect to its request to enlarge the boundaries of Gilmer County Public Service District, as indicated by its order and petition filed on May 10, 1992, and the Staff recommendation filed on May 18, 1992. Adequate notice of the proposed boundary enlargement has been given to members of the public in Gilmer County, and no protests have been filed with the Commission and no one appeared to protest the proposed boundary enlargement at the hearing held in this matter in Gilmer County. Accordingly, the proposed boundary enlargement is unprotested, and since Commission Staff has recommended approval thereof, it is reasonable to approve the petition and order filed by the Gilmer County Commission on May 10, 1992, requesting approval to enlarge the boundaries of Gilmer County Public Service District to include the area northeast of Glenville along U.S. Route 33/119, and southwest of the intersection of Grassy Run Road to a point near the foot of Stewart's Creek Hill. The specific boundary modification is more specifically set forth in the Gilmer County Commission's order through a metes and bounds description.

FINDINGS OF FACT

1. The Gilmer County Commission has requested the Public Service Commission's consent and approval to enlarge the boundaries of the Gilmer County Public Service District and has fulfilled the requirements of West Virginia Code §16-13A-2 to accomplish the boundary enlargement. (County Commission Exhibit 1 and Staff Exhibit 1).

2. Commission Staff has recommended approval of the proposed enlargement of the boundaries of the Gilmer County Public Service District. (Staff Exhibit 1).

3. The mandated hearing regarding the boundary enlargement of Gilmer County Public Service District was held as scheduled, with no one appearing at the hearing to protest the matter and with no protests having been filed with the Public Service Commission regarding this matter. (Tr., generally; Affidavit of Publication filed July 2, 1992).

CONCLUSION OF LAW

The petition and order of the Gilmer County Commission filed herein on May 10, 1992, requesting the Commission's consent and approval of the modification of the boundaries of the Gilmer County Public Service District are reasonable and shall be approved.

ORDER

IT IS, THEREFORE, ORDERED that the order of the Gilmer County Commission filed herein on May 10, 1992, approving the enlargement of the boundaries of the Gilmer County Public Service District, to include the area more specifically described in said order, be, and it hereby is, approved, and the petition accompanying said order requesting the Commission's consent and approval for the enlargement of the Gilmer County Public Service District boundaries be, and it hereby is, granted.

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

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

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

Any party may request waiver of the right to file exceptions to an Administrative Law Judge's Order by filing an appropriate petition in

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

Melissa K. Marland

Melissa K. Marland
Chief Administrative Law Judge

MKM:mal

A RESOLUTION ESTABLISHING MEMBERS AND TERMS OF THE PUBLIC SERVICE BOARD OF GILMER COUNTY PUBLIC SERVICE DISTRICT

WHEREAS, pursuant to the provisions of 16-13A-3 of the West Virginia Code the Gilmer County Commission shall appoint three members to the board of Gilmer County Public Service District, who are persons residing within the District and residing within the state of West Virginia.

THEREFORE BE IT RESOLVED that the following appointments are hereby ratified, authorized and approved as follows:

Name	Term
C.E. Talbott	July 1, 2008 to June 30, 2014
W.R. Stalnaker	July 1, 2010 to June 30, 2016
Sallie L. Mathess	July 1, 2012 to June 30, 2018

ADOPTED this 2nd day of April 2013.

THE COUNTY COMMISSION OF
GILMER COUNTY

PRESIDENT

Jean Butcher
CLERK

Beverly Marks
CLERK COUNTY ~~COURT~~ Commission

By

3

STATE OF WEST VIRGINIA;
COUNTY OF GILMER. } TO WIT:

I, Charles Edward Talbott, *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 and impartially discharge the duties of the office of* ~~member of the Board of Directors~~ for the Gilmer County Public Service District *to the best of my skill and judgment during my continuance in the same. So help me God.*

Charles E Talbott
Charles Edward Talbott

Subscribed and sworn to before me, a County Clerk *of* Gilmer County *County, West Virginia, this day of* 30th of July, ~~19~~ 2008

Beverly Marks
CLERK COUNTY ~~COURT~~ Commission

By Norma J Hurley, Deputy.

230

1

STATE OF WEST VIRGINIA;
COUNTY OF GILMER.
} TO WIT:

I, William R. Stalnaker, *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 and impartially discharge the duties of the office of* Director of the Gilmer County Public Service Commission *to the best of my skill and judgment during my continuance in the same. So help me God.*

William R. Stalnaker

Subscribed and sworn to before me, a County Clerk *of* Gilmer *County, West Virginia, this day of* 21st of December, ~~193~~ 2010

Beverly Marks
CLERK COUNTY ~~COURT~~ Commission

By

2

STATE OF WEST VIRGINIA;
COUNTY OF GILMER.
} TO WIT:

I, Barry K. Lay, *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 and impartially discharge the duties of the office of*

Notary Public

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
ANGELA R. TACKETT
WV CONSERVATION AGENCY
1900 KANAWHA BLVD., EAST
CHARLESTON, WV 25305
My commission expires March 13, 2013

2

STATE OF WEST VIRGINIA;
COUNTY OF GILMER. } TO WIT:

I, Sallie L. Mathess, *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 and impartially discharge the duties of the office of* as a member of the Board of Directors of the Gilmer County Public Service District *to the best of my skill and judgment during my continuance in the same. So help me God.*

Sallie L Mathess

Subscribed and sworn to before me, a County Clerk *of* Gilmer *County, West Virginia, this day of* 15th May, ~~188~~ 2012

Jean Butcher
CLERK COUNTY COURT.

By

3

STATE OF WEST VIRGINIA;
COUNTY OF GILMER. } TO WIT:

RULES OF PROCEDURE

GILMER COUNTY PUBLIC SERVICE DISTRICT

ARTICLE I

NAME AND PLACE OF BUSINESS

Section 1. Name: GILMER COUNTY PUBLIC SERVICE DISTRICT.

Section 2. The principal office of this Public Service District will be located at 232 West Main Street, Glenville, Gilmer County, West Virginia.

Section 3. The Common Seal of the District shall consist of 2 concentric circles between which circles shall be inscribed Gilmer 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 Gilmer County, West Virginia, or otherwise appointed pursuant to the Act, who shall serve for such terms as may be specified in the order of the County Commission or otherwise.

Section 2. Should any member of the Public Service Board resign or otherwise become legally disqualified to serve as a member of the Public Service Board, the Secretary shall immediately notify the County Commission or other entity provided under the Act and request the appointment of a qualified person to fill such vacancy. Prior to the end of the term of any member of the Public Service Board, the Secretary shall notify the County Commission or other entity provided under the Act of the pending termination and request the County Commission or other entity provided under the Act to enter an order of appointment or re-appointment to maintain a fully qualified membership of the Public Service Board.

ARTICLE IV

MEETINGS OF THE PUBLIC SERVICE BOARD

Section 1. The members of the Public Service Board of this District shall hold regular monthly meetings on the first Monday of every 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 Gilmer 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 Gilmer 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 12th day of April, 2005.

03/30/05
329470.00001

Affidavit of Publication

STATE OF WEST VIRGINIA
COUNTY OF GILMER, to wit:

I, **David H. Corcoran**, being first duly sworn upon my oath, do depose and say that I am publisher of

The Glenville Democrat, a Democrat newspaper published weekly for at least 51 weeks during the calendar year in Glenville, Gilmer County, West Virginia, that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Gilmer; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of Public Service Commission of WV Charleston

was duly published in said newspaper once a week for 1 successive weeks (Class I), commencing with the issue of the 11th day of October, 2012 and ending with the issue of the 11th day of October, 2012.

That the cost of publishing said annexed notice as aforesaid was $ 326.19.

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Patricia A. Golden
525 Kanawha Street
Glenville, WV 26351
My Commission Expires March 9, 2021

Signed David H. Corcoran, Publisher

Taken, subscribed, and sworn to before me in my said county this 11th day of October, 2012.

My commission expires 3-9-2021

Patricia A. Golden

Notary Public of Gilmer County, West Virginia

LEGAL ADVERTISEMENTS LEGAL

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

Entered by the Public Service Commission of West Virginia, in the City of Charleston on the 2nd day of October, 2012.

CASE NO. 12-1380-PWD-CN-PC

GILMER COUNTY PUBLIC SERVICE DISTRICT
Application for a Certificate of Convenience and Necessity to construct extensions, additions, improvements and betterments to its existing water system to serve approximately 75 new customers in the Cox's Mills, Wolf Pen and Alice Road areas of Gilmer County and for approval of an agreement with the City of Glenville.

NOTICE OF FILING

On October 1, 2012, the Gilmer County Public Service District (District) filed an application, duly verified, for a Certificate to construct extensions, additions, improvements and betterments to its existing water distribution system to serve approximately 75 new customers in the Cox's Mills (Route 8), Wolf Pen (County Rt. 1/6) and Alice Road (County Rt. 1) areas of Gilmer County and for approval of an agreement with the City of Glenville. The project consists of the construction, acquisition and installation of approximately 78,100 linear feet of water line, a 55 gallons per minute ("GPM") booster pump station, and a 53,000 gallon potable water storage tank. There are no additive or deductive alternates expected to be included in the constriction bids. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

The District estimates that construction costs will total approximately $3,255,000.00. It is proposed that these costs will be financed by a Small Cities Block Grant in the amount of $1,500,000.00, a Drinking Water Treatment Revolving Fund (DWTRF) loan of $1,725,000.00 at an interest rate of 1% over 30 years, and a Department of Health and Human Resources grant of $30,000.00 which has been committed towards the project.

The District anticipates charging the following increased water rates for its customers following completion of construction of the District's extensions and improvements to its water system:

APPLICABILITY
Applicable in entire territory served.

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

RATES

First	3,000 gallons used per month	$10.58 per 1,000 gallons
Next	3,000 gallons used per month	$ 9.45 per 1,000 gallons
Next	4,000 gallons used per month	$ 8.52 per 1,000 gallons
Next	10,000 gallons used per month	$ 7.72 per 1,000 gallons
Next	20,000 gallons used per month	$ 7.03 per 1,000 gallons
Next	60,000 gallons used per month	$ 6.37 per 1,000 gallons
All over	100,000 gallons used per month	$ 5.70 per 1,000 gallons

MINIMUM CHARGE (3,000 Gallons)

5/8 inch meter	$ 31.74 per month
3/4 inch meter	$ 47.61 per month
1 inch meter	$ 79.34 per month
1 1/2 inchmeter	$ 158.69 per month
2 inch meter	$ 253.90 per month
3 inch meter	$ 476.06 per month
4 inch meter	$ 793.44 per month
6 inch meter	$1,586.88 per month
8 inch meter	$2,539.01 per month

DELAYED PAYMENT PENALTY

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

TAP FEE

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

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

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

RECONNECTION CHARGE

$20.00

To be charged whenever the supply of water is turned off for violation of rules, nonpayment of bills, or fraudulent use of water.

LEAK ADJUST RATE

$3.14 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE

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

SECURITY DEPOSIT

Not to exceed two and one-half (2 1/2) of the annual estimated charge for residential service or commercial service, or fifty dollars ($50.00), whichever is greater.

PRIVATE FIRE PROTECTION

Where connections, hydrants, sprinklers, etc. on private property are maintained by customer.

RATES

2-inch service line with hydrants, sprinklers, and/or hose connections	$ 6.84 per month
3-inch service line with hydrants, sprinklers, and/or hose connections	$ 7.18 per month
4-inch service line with hydrants, sprinklers, and/or hose connections	$ 9.58 per month
6-inch service line with hydrants, sprinklers, and/or hose connections	$31.46 per month
8-inch service line with hydrants, sprinklers, and/or hose connections	$42.18 per month
10-inch service line with hydrants, sprinklers, and/or hose connections	$47.88 per month
12-inch service line with hydrants, Sprinklers, and/or hose connections	$67.94 per month

These rates represent the following project-related increases to become effective upon substantial completion of the project unless otherwise ordered:

	($) Increase	(%) Increase
Residential	$ 3.06	11%
Commercial	$104.07	11%
Industrial	$7.43	11%

The District has no resale customers.

The proposed increased rates, charges and new customers will produce approximately $127,946.00 annually in additional revenue, an increase of approximately 14%. The total increase granted will not exceed this estimate unless further notice is provided.

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

Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston, West Virginia 25323.

In the absence of substantial protests within said thirty (30) day period, the Commission may waive formal hearing and render its decision on the application based on the evidence submitted with said application and its review thereof.

Steven R. Hardman
Bowles Rice LLP
Legal Class I 1t 10-11

101 South Queen Street
Martinsburg, West Virginia 25401

7000 Hampton Center
Morgantown, West Virginia 26505

511 7th Street
Moundsville, West Virginia 26041

501 Avery Street
Parkersburg, West Virginia 26101

Bowles Rice LLP
ATTORNEYS AT LAW

600 Quarrier Street
Charleston, West Virginia 25301

Post Office Box 1386
Charleston, West Virginia 25325-1386
(304) 347-1100

www.bowlesrice.com

6000 Town Center Boulevard, Suite 210
Canonsburg, Pennsylvania 15317

333 West Vine Street, Suite 1700
Lexington, Kentucky 40507

480 West Jubal Early Drive, Suite 130
Winchester, Virginia 22601

March 15, 2013

James V. Kelsh
Telephone — (304) 347-1135
Facsimile — (304) 343-3058

E-Mail Address:
jkelsh@bowlesrice.com

04:25 PM MAR 15 2013 PSC EXEC SEC DIV

HAND DELIVERY

Sandra Squire
Executive Secretary
Public Service Commission of West Virginia
201 Brooks Street
Charleston, West Virginia 25301

Re: Gilmer County Public Service District
Case No. 12-1380-PWD-PC-CN

Dear Ms. Squire:

Enclosed herein for filing in the above referenced proceeding is the original and twelve (12) copies of the ***Affidavit of Publication*** for the Revised Notice of Filing required by the Commission Order dated March 7, 2013, in the *Glenville Democrat*.

Very truly yours,

James V. Kelsh

James V. Kelsh

JVK/kay
Enclosure
cc: Steven R. Hardman, Esq.

04:29 PM MAR 15 2013 PSC EXEC SEC DIV

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
CHARLESTON

CASE NO. 12-1380-PWD-PC-CN

Gilmer County Public Service District
Post Office Box 729
Glenville, West Virginia 26351

Application for a Certificate of Convenience
and Necessity to construct extensions, additions,
Improvements and betterments to its existing
water system to serve 86 new customers
in the Coxs Mills, Wolf Pen and Alice Road areas of
Gilmer County and for approval of an agreement with the City of Glenville.

REVISED NOTICE OF FILING

On October 1, 2012, the Gilmer County Public Service District filed an application, duly verified, for a Certificate to construct extensions, additions, improvements and betterments to its existing water distribution system to serve 86 new customers in the Coxs Mills (Route 5), Wolf Pen (County Rt. 1/6) and Alice Road (County Rt. 1) areas of Gilmer County and for approval of an agreement with the City of Glenville. The project consists of the construction, acquisition and installation of approximately 78,100 linear feet of water line, a 55 gallons per minute ("GPM") booster pump station and a 53,000 gallon potable water storage tank. There are no additive or deductive alternates expected to be included in the construction bids. The application is on file with and available for public inspection at the Public Service Commission, 201 Brooks Street, in Charleston, West Virginia.

The Gilmer County Public Service District estimates that construction costs will total approximately $3,255,000. It is proposed that these costs will be financed by a Small Cities Block Grant in the amount of $1,500,000; a Drinking Water Treatment Revolving Fund (DWTRF) loan of $1,725,000 at an interest rate of 1% over 30 years; and a Department of Health and Human Resources grant of $30,000 which has been committed towards the project.

On January 18, 2013, the District amended its application to propose increased post-project rates which incorporate increased charges to the District from the City of Glenville for purchased water which were adopted by Glenville after the District filed its original application. The District obtains all of its water by purchase from Glenville.

The utility anticipates charging the following water rates for its customers following completion of construction of the District's extensions and improvements to its water system:

APPLICABILITY
Applicable in entire territory served.

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

RATES

First 3,000 gallons used per month	$11.60 per 1,000 gallons
Next 3,000 gallons used per month	$10.36 per 1,000 gallons
Next 4,000 gallons used per month	$ 9.34 per 1,000 gallons
Next 10,000 gallons used per month	$ 8.46 per 1,000 gallons
Next 20,000 gallons used per month	$ 7.71 per 1,000 gallons
Next 60,000 gallons used per month	$ 6.99 per 1,000 gallons
All over 100,000 gallons used per month	$ 6.25 per 1,000 gallons

MINIMUM CHARGE (3,000 Gallons)

5/8 inch meter	$ 34.80 per month
3/4 inch meter	$ 52.20 per month
1 inch meter	$ 87.00 per month
1 1/2 inch meter	$ 174.00 per month
2 inch meter	$ 278.40 per month
3 inch meter	$ 522.00 per month
4 inch meter	$ 870.00 per month
6 inch meter	$ 1,[illegible]00.00 per month
8 inch meter	$ 2,[illegible]4.00 per month

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

TAP FEE
The following charge is to be made whenever the utility installs a new tap to serve an applicant.

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

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

RECONNECTION CHARGE
$20.00

To be charged whenever the supply of water is turned off for violation of rules, nonpayment of bills, or fraudulent use of water.

LEAK ADJUST RATE
$3.44 per 1,000 gallons is to be used when a bill reflects unusual consumption which can be attributed to eligible leakage on the customer's side of the meter. This rate shall be applied to all such consumption above the customer's historical average usage.

RETURNED CHECK CHARGE
A service charge equal to the actual bank fee assessed to the District or a maximum of $25.00 will be imposed upon any customer whose check for payment of charges is returned by their bank due to insufficient funds.

SECURITY DEPOSIT
Not to exceed two and one-half (2/12) of the annual estimated charge for residential service or commercial service, or fifty dollars ($50.00), whichever is greater.

PRIVATE FIRE PROTECTION
Where connections, hydrants, sprinklers, etc. on private property are maintained by customer.

RATES:

2-inch service line with hydrants, sprinklers, and/or hose connections -	$ 6.00 per month
3-inch service line with hydrants, sprinklers, and/or hose connections -	$ 6.30 per month
4-inch service line with hydrants, sprinklers, and/or hose connections -	$ 8.40 per month
6-inch service line with hydrants, sprinklers, and/or hose connections -	$27.00 per month
8-inch service line with hydrants, sprinklers, and/or hose connections -	$37.00 per month
10-inch service line with hydrants, sprinklers, and/or hose connections -	$42.00 per month
12-inch service line with hydrants, sprinklers, and/or hose connections -	$59.00 per month

The District filed a separate application with the Commission on November 21, 2012 in Case No. 12-1577-PWD-30S to pass through the increased rates from the City of Glenville. The combination of the District's proposed rate increases in Case Nos. 12-1580-PWD-CN-PC and 12-1577-PWD-36S represent the following increases for average users in each of the District's classes of customers in gallons per month (gpm) over present rates:

	($) increase	(%) increase
Residential (3,000 gpm)	$ 6.96	25.0%
Commercial (158,000 gpm)	$ 237.35	25.0%
Industrial (8,000 gpm)	$ 16.61	25.0%

The District has no resale customers

The proposed increased rates and charges will produce approximately $249,305 annually in additional revenue, an increase of approximately 27.8%. This rate increase is interim and may be adjusted up or down unless further notice is provided.

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

Anyone desiring to protest or intervene should file a written protest or notice of intervention within 30 days following the date of this publication unless otherwise modified by Commission order. Failure to timely protest or intervene can affect your right to protest aspects of this certificate case, including any associated rate increases, or to participate in future proceedings. All protests or requests to intervene should briefly state the reason for the protest or intervention. Requests to intervene must comply with the Commission's rules on intervention set forth in the Commission's Rules of Practice and Procedure. All protests and interventions should be addressed to Sandra Squire, Executive Secretary, P. O. Box 812, Charleston, West Virginia 25323.

In the absence of substantial protest received within thirty (30) days of this publication, the Commission may waive formal hearing and grant the application based on the evidence submitted with said application and its review thereof.

Darren Olofson

Administrative Law Judge
35087580.1

Bowles Rice, LLP
c/o Kim Young
P.O. Box 1386
Charleston, WV 25325-1386
Class I, 11-3-7

04:26 PM MAR 15 2013 PSC EXEC SEC DIV

Affidavit of Publication

STATE OF WEST VIRGINIA
COUNTY OF GILMER, to wit:

I, **David H. Corcoran**, being first duly sworn upon my oath, do depose and say that I am publisher of

The Glenville Democrat, a Democrat newspaper published weekly for at least 51 weeks during the calendar year in Glenville, Gilmer County, West Virginia, that such newspaper is a newspaper of "general circulation," as that term is defined in article three, chapter fifty-nine of the Code of West Virginia 1931, as amended, within the publication area, or areas, of said municipality and county and adjoining counties of Gilmer; that such newspaper averages in length four or more pages, exclusive of any cover, per issue; that such newspaper is circulated to the general public at a definite price or consideration; that such newspaper is a newspaper to which the general public resorts for passing events of a political, religious, commercial and social nature, and for current happenings, announcements, miscellaneous reading matters, advertisements, and other notices; that the annexed notice of

Revised Notice of Filing

was duly published in said newspaper once a week for

1 successive weeks (Class I), commencing with the issue of the 7th day of March, 2013 and ending with the issue of the 7th day of March, 2013.

That the cost of publishing said annexed notice as aforesaid was $ 442.52.

OFFICIAL SEAL
STATE OF WEST VIRGINIA
NOTARY PUBLIC
Patricia A. Golden
525 Kanawha Street
Glenville, WV 26351
My Commission Expires March 9, 2021

Signed David H. Corcoran, Publisher

Taken, subscribed, and sworn to before me in my said county this 7th day of March, 2013.

My commission expires 3-9-2021

Patricia A. Golden
Notary Public of Gilmer County, West Virginia

Gilmer County Public Service District
Board of Director's Meeting
01/14/13

Members Present: William Stalnaker, Edward Talbott, and Sallie Mathess.
Public Present: Dave Corcoran and **Larry Chapman.**
Minutes Read: The minutes of the **12/10/12** meeting were read and approved.
PUBLIC: None.

OLD BUSINESS:
COX'S MILLS PROJECT UPDATES: DWTRF submitted the **Binding Letter of Commitment;** the PSC supported a **8.9% increase** for the **Cox's Mills debt service** but felt with the **increase** of **Glenville Utility**, the **8.9% increase would be insufficient** but **approved the application**. The **30B** pass thru rate **would increase** the **purchase price of $2.60 per thousand gallons** to **$3.43 per thousand gallons (31%)**; **Sallie** brought in a **Water User's Agreement** for the **Cox's Mills Project** with hopes of obtaining others; **James Kelsh** is to be notified about publishing the rate increase info.
LIQUID ENGINEERING: Liquid Engineering will contact us in the spring about scheduling the project.

NEW BUSINESS:
ELECTION OF OFFICERS: A **motion** was made by **Ed Talbott** to leave the **Board Members** roster the **same as** for the **2012** year; this was **seconded** by **Sallie Mathess**; **motion** carried. The **Board members** are: **William R. Stalnaker, Chairman**; **Charles E. Talbott, acting Chairman**; **Sallie Mathess, Member**; **Brenda Lawson, Secretary/Treasurer.**
2013 HOLIDAY SCHEDULE: A **motion** was made by **Sallie Mathess** to approve the **2013 Holiday Schedule**; this was **seconded** by **Ed Talbott**; **motion** carried.
GCEDA DUES REQUEST: A **motion** was made by **Ed Talbott** to pay the **dues of $40.00** for an **annual membership**; this was **seconded** by **Sallie Mathess**; **motion** carried.
JAMES KELSH RATE INCREASE: A **motion** was made by **Ed Talbott** to accept the rate increase to **$230.00 per hour;** this was **seconded** by **Sallie Mathess**; **motion** carried.
OTHER: The **BOE Superintendent** informed the **Board** the proposed location for the new school is the **Cedar Creek Intersection** and the monies would not be until **2014**. He also said the **BOE** appreciated the **PSD Board** working with them.
APPROVAL AND PAYMENT OF BILLS: A **motion** was made by **Sallie Mathess** to approve the payment of bills in the amount of **$48,734.21;** this was **seconded** by **Edward Talbott**; **motion** carried.
NEXT SCHEDULED MEETING: February 11, 2013.
ADJOURNMENT: A **motion** was made by **Sallie Mathess** to adjourn the meeting at **7:50 pm;** this was **seconded** by **Ed Talbott;** motion carried.

William R. Stalnaker
William Stalnaker, Chairman

Brenda Lawson
Brenda Lawson, Secretary

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

EXCERPT OF MINUTES ON ADOPTION OF BOND RESOLUTION, SUPPLEMENTAL RESOLUTION, DRAW RESOLUTION AND SWEEP RESOLUTION

The undersigned SECRETARY of Gilmer 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 District:

*** *** ***

Gilmer County Public Service District met, pursuant to notice duly posted, on the 13th day of May, 2013, in Glenville, West Virginia, at the hour of 7:00 pm.

PRESENT:	William Stalnaker Charles Talbott Sallie Mathess	Brenda Lawson John Stump, Steptoe & Johnson PLLC
ABSENT:	none	

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

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

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF GILMER COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,725,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING

THE 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 Charles Talbott and seconded by Sallie Mathess, it was unanimously ordered that the said Bond Resolution be adopted and be in full force and effect on and from the date hereof.

Next, the Chairman presented a proposed Supplemental Resolution in writing entitled:

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2013 A (WEST VIRGINIA DWTRF PROGRAM) OF GILMER COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING 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.

and caused the same to be read and there was discussion. Thereupon, on motion duly made by Sallie Mathess and seconded by Charles Talbott, 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 First Draw Resolution for the approval of invoices from the construction loans. Thereupon, on motion duly made by Charles Talbott and seconded by Sallie Mathess, 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 Sallie Mathess and seconded by Charles Talbott, it was unanimously ordered that the said Sweep Resolution be adopted.

[Remainder of Page Intentionally Blank]

CERTIFICATION

I hereby certify that the foregoing is a true copy of the minutes of Gilmer 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 May, 2013.

Brenda Lawson

Secretary

329470.00004

WV MUNICIPAL BOND COMMISSION
900 Pennsylvania Avenue
Suite 1117
Charleston, WV 25301
(304) 558-3971

NEW ISSUE REPORT FORM

Date of Report: 24-May-13

ISSUE: Gilmer County Public Service District
Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program)

ADDRESS: 232 West Main Street, Glenville, WV 26351 COUNTY: Gilmer

PURPOSE OF ISSUE:
New Money: x
Refunding:

REFUNDS ISSUE(S) DATED: NA

ISSUE DATE: 24-May-13
CLOSING DATE: 24-May-13

ISSUE AMOUNT: $1,725,000
RATE: 0% 1 % Admin Fee

1ST DEBT SERVICE DUE: 1-Mar-15
1ST PRINCIPAL DUE: 1-Mar-15

1ST DEBT SERVICE AMOUNT $14,375
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: United Bank
Contact: Debbie Smith
Phone: 304.462.5001

ESCROW TRUSTEE:
Firm:
Contact:
Phone:

KNOWLEDGEABLE ISSUER CONTACT
Contact: Brenda Lawson
Position: General Manager
Phone: 304.462.4272

OTHER:
Agency: West Virginia DWTRF Program
Contact: Robert Decrease
Position:
Phone: (304) 356-4301

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. Func $ ____
____ To Other: ____ $ ____

NOTES: The Series 2013 A Bonds Reserve Account will be funded over 10 years

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

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

ACCEPTANCE OF APPOINTMENT AS DEPOSITORY BANK

United Bank, Inc., Glenville, West Virginia, hereby accepts appointment as Depository Bank in connection with a Bond Resolution of Gilmer County Public Service District (the "Issuer"), adopted May 13, 2013, and a Supplemental Resolution of the Issuer adopted May 13, 2013 (collectively, the "Bond Legislation"), authorizing issuance of the Issuer's Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), dated May 24, 2013, in the principal amount of $1,725,000 (the "Bonds") and agrees to serve as Depository Bank in connection with the Bonds, all as set forth in the Bond Legislation.

WITNESS my signature on this 24th day of May, 2013.

UNITED BANK, INC.

By: _____
Its: Authorized Officer

329470.00004

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

ACCEPTANCE OF DUTIES AS REGISTRAR OF SERIES 2013 A BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, hereby accepts appointment as Registrar in connection with the Gilmer County Public Service District Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), in the principal amount of $1,725,000, dated May 24, 2013 ("the Bonds") and agrees to perform all duties of Registrar in connection with the Bonds, all as set forth in the Bond Legislation authorizing issuance of the Bonds.

WITNESS my signature on this 24th day of May, 2013.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

329470.00004

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

CERTIFICATE OF REGISTRATION OF BONDS

THE HUNTINGTON NATIONAL BANK, Charleston, West Virginia, as Registrar under the Bond Resolution and Registrar's Agreement providing for the above-captioned Bonds of Gilmer County Public Service District (the "Issuer"), hereby certifies that on the date hereof the single, fully registered Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program) of the Issuer, dated May 24, 2013, in the principal amount of $1,725,000, numbered AR-1 were registered as to principal only, in the name of "West Virginia Water Development Authority" in the books of the Issuer kept for that purpose at our office, by a duly authorized officer on behalf of The Huntington National Bank, as Registrar.

WITNESS my signature on this 24th day of May, 2013.

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

329470.00004

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

REGISTRAR'S AGREEMENT

THIS REGISTRAR'S AGREEMENT, dated as of May 24, 2013, by and between GILMER 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 $1,725,000 Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), dated May 24, 2013 in fully registered form (the "Bonds"), pursuant to a Bond Resolution of the Issuer duly adopted May 13, 2013, and a Supplemental Resolution of the Issuer duly adopted May 13, 2013 (collectively, the "Bond Legislation");

WHEREAS, capitalized words and terms used in this Registrar's Agreement and not otherwise defined herein shall have the respective meanings given them in the Bond Legislation, a copy of which is attached as EXHIBIT A hereto and incorporated herein by reference;

WHEREAS, the Bond Legislation provides for an appointment by the Issuer of a Registrar for the Bonds; and

WHEREAS, the Issuer desires to appoint, and by the Bond Legislation and this Registrar's Agreement does appoint, the Registrar to act as Registrar under the Bond Legislation and to take certain other actions hereinafter set forth;

NOW, THEREFORE, it is agreed by and between the parties hereto as follows:

1. Upon the execution of this Registrar's Agreement by the Issuer and the Registrar and during the term hereof, the Registrar does accept and shall have and carry out the powers and duties of Registrar for the Bonds, all as set forth in the Bond Legislation, such duties including, among other things, the duties to authenticate, register and deliver the Bonds upon original issuance and when properly presented for exchange or transfer, and shall do so with the intention of maintaining the exemption of interest on the Bonds from federal income taxation, in accordance with any rules and regulations promulgated by the United States Treasury Department or by the Municipal Securities Rulemaking Board or similar regulatory bodies as the Issuer advises it of and with generally accepted industry standards.

2. The Registrar agrees to furnish the Issuer with appropriate records of all transactions carried out by it as Registrar and to furnish the Issuer with the names and specimen signatures of the Registrar's authorized officers for the purposes of acting as the Registrar and with such other information and reports as the Issuer may from time to time reasonably require.

3. The Registrar shall have no responsibility or liability for any action taken by it at the specific direction of the Issuer.

4. As compensation for acting as Registrar pursuant to this Registrar's Agreement, the Issuer hereby agrees to pay to the Registrar the compensation for services rendered as provided in the annexed schedule.

5. It is intended that this Registrar's Agreement shall carry out and implement provisions of the Bond Legislation with respect to the Registrar. In the event of any conflict between the terms of this Registrar's Agreement and the Bond Legislation, the terms of the Bond Legislation shall govern.

6. The Issuer and the Registrar each warrants and represents that it is duly authorized and empowered to execute and enter into this Registrar's Agreement and that neither such execution nor the performance of its duties hereunder or under the Bond Legislation will violate any order, decree or agreement to which it is a party or by which it is bound.

7. This Registrar's Agreement may be terminated by either party upon 60 days' written notice sent by registered or certified mail to the other party, at the following respective addresses:

ISSUER:	Gilmer County Public Service District P.O. Box 729 Glenville, West Virginia 26351 Attention: Chairman
REGISTRAR:	The Huntington National Bank One Huntington Square Charleston, West Virginia 25301 Attention: Corporate Trust Department

8. The Registrar is hereby requested and authorized to authenticate, register and deliver the Bonds in accordance with the Bond Legislation.

[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.

GILMER COUNTY PUBLIC SERVICE DISTRICT

By: William R. Stalnaker
Its: Chairman

THE HUNTINGTON NATIONAL BANK

By: _____
Its: Authorized Officer

329470.00004

EXHIBIT A

Bond Legislation included in bond transcript as Documents No. 1 and No. 2

SCHEDULE OF COMPENSATION

(Please see attached)

Huntington

Huntington Wealth Advisors
900 Lee Street - 2nd Floor | WE3013 | Charleston, West Virginia 253(

STATEMENT OF REGISTRAR'S FEES
Invoice Date May 24, 2013

Gilmer County Public Service District
Account Number 6089001809

Gilmer County Public Service District
Water Revenue Bonds, Series 2013 A
c/o Katy Mallory
Steptoe & Johnson, PLLC
P.O. Box 1588
Charleston, WV 25326-1588

SUMMARY OF ACCOUNT
****
FEE CALCULATION FOR May, 2013
****

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

and Huntington® are federally registered service marks of Huntington Bancshares Incorporated.

10-44 / Permit File

10:23 AM OCT 01 2012 PSC EXEC SEC DIV

Tom Marion / Travis Adams

PWSID: WV3301106

State of West Virginia

OFFICE OF ENVIRONMENTAL HEALTH SERVICES

350 CAPITOL STREET, ROOM 313 CHARLESTON, WV 25301-3713

Telephone (304) 558-2981

PERMIT

PROJECT: (Water) Coxs Mills Water Line Extension **PERMIT NO.**: 19,093

LOCATION: near Glenville **COUNTY**: Gilmer **DATE**: 8-23-2012

THIS IS TO CERTIFY that after reviewing plans, specifications, application forms, and other essential information that

Gilmer County Public Service District
232 West Main Street
Glenville, West Virginia 26351

is hereby granted approval to: install approximately 54,900 LF of 6", 17,600 LF of 4" and 5,600 LF of 2" water line; one (1) 55 GPM duplex water booster station; one (1) 53,000 gallon water storage tank; and all necessary valves and appurtenances.

Facilities are to serve **75** customers in the areas of Coxs Mills, Wolf Pen and Alice Road.

NOTE: This permit is contingent upon: 1) All new water line and storage tank being disinfected, flushed, and bacteriologically tested prior to use; and 2) Enclosing the 53,000 gallon water storage tank with a minimum six (6) feet high fence with lockable gates.

The Office of Environmental Health Services **OEHS Philippi District Office, (304) 457-2296**, is to be notified when construction begins.

Validity of this permit is contingent upon conformity with plans, specifications, application forms, and other information submitted to the West Virginia Bureau for Public Health.

FOR THE DIRECTOR

William S. Herold, Jr., P.E., Assistant Manager
Infrastructure and Capacity Development
Environmental Engineering Division

WSH:kla
pc: Thrasher Engineering
Ingrid Ferrell
Amy Swann
Gilmer County Health Department
OEHS-EED Philippi District Office

RECEIVED
AUG 27 2012
THRASHER ENGINEERING, INC.

STATE OF WEST VIRGINIA
DEPARTMENT OF HEALTH AND HUMAN RESOURCES
BUREAU FOR PUBLIC HEALTH
OFFICE OF ENVIRONMENTAL HEALTH SERVICES

Earl Ray Tomblin
Governor

Rocco S. Fucillo
Cabinet Secretary

January 4, 2013

Mr. William R. Stalnaker
Gilmer County Public Service District
P.O. Box 729
Glenville, WV 26351

RE: Cox's Mill, Wolf Run and Alice Road Water Extension Project
DWTRF Binding Commitment Letter
IJDC Project No.: **2010W-1177**
DWTRF Project No.: **11DWTRFB012**
Gilmer County

Dear Mr. Stalnaker:

The Bureau for Public Health (Bureau) provides this contingent binding offer for a Drinking Water Treatment Revolving Fund (DWTRF) loan of approximately **$1,725,000** for the Gilmer County Public Service District's (PSD) proposed project that will extend the distribution system to the Cox's Mill, Wolf Run and Alice Road areas.

The loan will be subject to the terms set forth on **"Schedule A"** attached hereto and incorporated herein by reference. The final loan amount will be established after the PSD has received bids for the project. The loan agreement will be between the PSD and West Virginia Water Development Authority (WDA), who is the administrator of the DWTRF, acting on behalf of the Bureau.

This loan commitment is contingent upon the PSD meeting the following:

a. Bidding the project by **June 28, 2013.**

b. Closing the loan by **September 26, 2013.**

If the PSD becomes aware that it will not be able to comply with the milestones listed above, they should immediately notify the Bureau of this fact and the circumstances which have caused the project delay.

350 Capitol Street, Room 313
Charleston, West Virginia 25301-3713
Telephone: (304) 558-2981

If you have any questions regarding this loan commitment, please contact me at (304) 356-4301 or via email Robert.W.DeCrease@wv.gov.

Very truly yours,

Robert DeCrease

Robert W. DeCrease, P.E., Manager
Infrastructure & Capacity Development
Environmental Engineering Division

RWD:snj

Enclosures

pc: Garrett Grubb, Thrasher Engineering (email copy)
Chris Jarrett, WDA (email copy)
Samme L. Gee, Esquire, Jackson & Kelly (email copy)
Jim Kelsh, Bowles Rice (email copy)
Katy Mallory, Steptoe & Johnson (email copy)
Shane Whitehair, Region 7 Planning & Development Council (email copy)
Kelly Workman, SCBG Development Office (email copy)
OEHS Philippi District Office (email copy)

NOTE: This letter is sent in triplicate. Please acknowledge acceptance on two copies and immediately return them both to Robert DeCrease, 350 Capitol Street, Room 313, Charleston, WV 25301-3713.

Gilmer County Public Service District Acceptance of Binding Commitment Terms:

By: _____

Title: _____

Date: _____

WEST VIRGINIA BUREAU FOR PUBLIC HEALTH
DRINKING WATER TREATMENT REVOLVING FUND

(Binding Commitment)

"SCHEDULE A"

January 4, 2013

A. PROJECT:

Gilmer County Public Service District
Cox's Mill, Wolf Run and Alice Road Water Extension Project
IJDC Project No.: **2010W-1177**
DWTRF Project No.: **11DWTRFB012**
Gilmer County

B. DRINKING WATER TREATMENT REVOLVING FUND (DWTRF):

Loan A	
(DWTRF Base Program):	**$1,725,000**
Terms:	0%
Maturity Date:	30 years
Administration Fee:	1% (Paid evenly over 30 years)
Special Conditions:	Annual debt service payment plus administration fee payment is estimated to be **$66,627** plus reserve requirement.

NOTE: Final loan amounts are determined from receipt of contract bids.

C. OTHER FUNDING SOURCES: Small Cities Block Grant **$1,500,000**
WVDHHR Design Grant **$30,000**

D. TOTAL PROJECT COST: **$3,255,000**

E. PROPOSED USER RATES: Post-project user rates must be at least **$29.14** monthly for 4,000 gallons for disadvantaged loan terms. Proposed post-project rate is **$36.13**.

State of West Virginia
Earl Ray Tomblin
Governor

Office of the Governor
State Capitol
1900 Kanawha Boulevard, East
Charleston, WV 25305

Telephone: (304) 558-2000
Toll Free: (888) 438-2731
Fax: (304) 342-7025
www.governor.wv.gov

December 12, 2012

The Honorable Charles D. Hess
President
Gilmer County Commission
10 Howard Street
Glenville, West Virginia 26351

Dear Commissioner Hess:

On December 12, 2011, the Gilmer County Commission received a commitment of $1,500,000 in Small Cities Block Grant funds for the Cox's Mill Water Line Extension Project.

The Small Cities Block Grant award was based upon your immediate need for funds. Therefore, $200,000 was made available from the FY2011 allocation, with a commitment to evaluate your progress and provide the remaining funding from future allocations. Based upon the Gilmer County Commission's ability to proceed with this project, I am committing the remaining $1,300,000 from the FY2012 Small Cities allocation. Your existing Small Cities Block Grant contract will be amended to include the additional funds.

The West Virginia Development Office reserves the right to withdraw these funds if your project does not proceed on schedule. Should you have any questions, please call Mr. Luke Peters of the West Virginia Development Office, at 304-558-2234.

I am pleased to assist with these improvements for the citizens of Gilmer County.

Best regards,

Earl Ray Tomblin

Earl Ray Tomblin
Governor

11SCBG0051

ERT:sf

STATE OF WEST VIRGINIA

SMALL CITIES BLOCK GRANT AWARD

THIS IS TO CERTIFY THAT A GRANT OF **$1,500,000** HAS BEEN AWARDED WITH **$200,000** TO BE RELEASED FROM FY 2011 AND THE REMAINDER FROM FUTURE YEAR(S)

TO THE *GILMER COUNTY COMMISSION* FOR

THE COX'S MILL WATER LINE EXTENSION PROJECT

Earl Ray Tomblin

EARL RAY TOMBLIN
GOVERNOR

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LITHO. IN U.S.A.

ACORD CERTIFICATE OF LIABILITY INSURANCE

INSURED COPY

DATE (MM/DD/YY) 03/05/13

PRODUCER

Serial # A15440

WV BOARD OF RISK & INSURANCE MGT.
90 MACCORKLE AVE. SW, SUITE 203
SOUTH CHARLESTON, WV 25303

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.

INSURERS AFFORDING COVERAGE

INSURED

GILMER COUNTY PUBLIC SERVICE DISTRICT
P.O. BOX 729
GLENVILLE, WV 26351

INSURER A: NATIONAL UNION FIRE CO OF PITTSBURGH, PA
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	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 X WRONGFUL ACT X PROFESSIONAL GEN'L AGGREGATE LIMIT APPLIES PER: POLICY PRO-JECT LOC	L 2731	07/01/2012	07/01/2013	EACH OCCURRENCE FIRE DAMAGE (Any one fire) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG	$ 1,000,000 $ 100,000 $ 0 $ INCLUDED $ NONE $ NONE
A	AUTOMOBILE LIABILITY ANY AUTO X ALL OWNED AUTOS X SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS	L 2731	07/01/2012	07/01/2013	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	$ $ $
	EXCESS LIABILITY OCCUR CLAIMS MADE DEDUCTIBLE RETENTION $				EACH OCCURRENCE AGGREGATE	$ $ $ $ $
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY STOPGAP	L2731	07/01/2012	07/01/2013	WC STATUTORY LIMITS / OTHER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ 1,000,000 $ 1,000,000 $ 1,000,000
B	OTHER					

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

SUBJECT TO THE PROVISIONS, CONDITIONS AND EXCLUSIONS OF THE POLICIES LISTED ABOVE, IT IS AGREED THAT THE CERTIFICATE HOLDER IS AN "ADDITIONAL INSURED" WITH RESPECTS TO:

COX'S MILLS, GILMER COUNTY (WV), WATER LINE PROJECT.
A $2500. PER OCCURENCE DEDUCTIBLE APPLIES TO ALL LIABILITY COVERAGE.

CERTIFICATE HOLDER

ADDITIONAL INSURED: INSURER LETTER:

ADDITIONAL INSURED:
WV WATER DEVELOPMENT AUTHORITY
1009 BULLITT STREET
CHARLESTON, WV 25301

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 DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE: Gladwell

© ACORD CORPORATION 1988

ACORD CERTIFICATE OF PROPERTY INSURANCE

DATE (MM/DD/YY) 03/05/13

PRODUCER

Serial #: 1590

WEST VIRGINIA BOARD OF RISK AND INSURANCE MGT.
90 MACCORKLE AVE. SW. SUITE 203
SOUTH CHARLESTON WV 25303

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.

COMPANIES AFFORDING COVERAGE

COMPANY A: AXIS INSURANCE COMPANY

COMPANY B: FEDERAL INSURANCE COMPANY

COMPANY C:

COMPANY D:

INSURED

GILMER COUNTY PUBLIC SERVICE DISTRICT
P.O. BOX 729
GLENVILLE, WV 26351

COVERAGES

THIS IS TO CERTIFY THAT 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. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	COVERED PROPERTY	LIMITS
A	X PROPERTY	P 2731	07/01/2012	07/01/2013	BUILDING	$
	CAUSES OF LOSS				PERSONAL PROPERTY	$
	BASIC				X BUSINESS INCOME	$ 12 MONTHS
	BROAD				X EXTRA EXPENSE	$ 12 MONTHS
	X SPECIAL				BLANKET BUILDING	$
	EARTHQUAKE				BLANKET PERS PROP	$
	FLOOD				X BLANKET BLDG & PP	$
						$
						$
	INLAND MARINE					$
	TYPE OF POLICY					$
						$
	CAUSES OF LOSS					$
	NAMED PERILS					$
	OTHER					$
A	X CRIME	P2731	07/01/2012	07/01/2013		$ 12 MONTHS
	TYPE OF POLICY					$
						$
B	X BOILER & MACHINERY	P2731	07/01/2012	07/01/2013		$
						$ 1,000,000.00
	OTHER		07/01/2012	07/01/2013		

LOCATION OF PREMISES/DESCRIPTION OF PROPERTY

SUBJECT TO THE PROVISIONS, CONDITIONS AND EXCLUSIONS OF THE POLICES LISTED ABOVE IT IS AGREED THAT THE CERTIFICATE HOLDER IS AN "ADDITIONAL INSURED" WITH RESPECTS TO:

CONTACT WV BOARD OF RISK & INSURANCE MGT.(1-800-345-4669) FOR A COMPLETE LIST OF COVERED PROPERTIES.

SPECIAL CONDITIONS/OTHER COVERAGES

CERTIFICATE HOLDER

1ST MORTGAGEE:
WV WATER DEVELOPMENT AUTHORITY
1009 BULLITT STREET
CHARLESTON, WV 25301

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 10 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 COMPANY, ITS AGENTS OR REPRESENTATIVES.

AUTHORIZED REPRESENTATIVE

Jerry W. Gladwell

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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: **May 24, 2013**

Re: **Gilmer County Public Service District**
232 W. Main Street, Glenville, WV 26351
Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program)

DISBURSEMENTS TO GILMER COUNTY PUBLIC SERVICE DISTRICT

Payor:	West Virginia DWTRF Program
Source:	Series 2013 A Bond Proceeds
Amount:	$43,125
Form:	Wire Transfer
Payee:	Gilmer County Public Service District
Bank:	United Bank, Inc., 101 East Main St., Glenville, WV 26351
Routing #:	051900395
Account #:	041578797
Contact:	Debbie Smith, (304) 462-5001
Account:	Series 2013 A Bonds Construction Fund

329470.00004

GILMER COUNTY PUBLIC SERVICE DISTRICT
2010W-1177
11DWTRFB012

RESOLUTION OF THE GILMER COUNTY PUBLIC SERVICE DISTRICT APPROVING INVOICES RELATING TO SERVICES FOR THE WATERSYSTEM IMPROVEMENT PROJECT AND AUTHORIZING PAYMENT THEREOF,

WHEREAS, the Gilmer County Public Service District, has reviewed the invoices attached in relation to the Project funded by the West Virginia DWTRF Program (DWTRF); and Small Cities Block Grant (SCBG) 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 Gilmer County Public Service District by as follows: There is hereby authorized and directed the payment of the attached invoices as follows:

Vendor	Total	DWTRF Loan	SCBG
Steptoe & Johnson	25,000.00	25,000.00	0.00
Huntington Bank	500.00	500.00	0.00
Future Construction *	17,625.00	17,625.00	0.00
Total	43,125.00	43,125.00	0.00

**First DWTRF Draw must be at least 2.5% of total DWTRF Loan*

ADOPTED BY the Gilmer County Public Service District on the 13th day of May, 2013

By: William R. Stalnaker
Its: Chairman

State of West Virginia
WATER DEVELOPMENT AUTHORITY
180 Association Drive, Charleston, WV 25311-1217
(304) 558-3612 - (304) 558-0299 (Fax)
Internet: www.wvwda.org - Email: contact@wvwda.org

Date 5/22/13 Time 11:30 LGA Gilmer Co Program DW

NAME	COMPANY, AGENCY, OR ORGANIZATION	TELEPHONE	FAX	E-MAIL
Sheila Miller	WDA	304-414-6500	304-414-0865	smiller@wvwda.org
Samme Gee	Jackson Kelly PLLC	304 340 1318	304-340-1260	sgee@jacksonkelly.com
John Stump	Steptoe-Johnson PLLC	304.353.8196	304.353.8181	john.stump@steptoe-johnson.com

The Authority requests that the following information concerning the individual who will be responsible for sending Debt Service Payments to the Municipal Bond Commission be provided. (If that individual is in attendance, he/she should also sign above.) Please Print:

Name Brenda Lawson, Manager Telephone 304.462.4272 E-Mail gilmercountypsd@verizon.net

Address 232 West Main Street Glenville, WV 26351

REMINDER: As a participant in this program, the Local Governmental Agency (LGA) agrees and is required to submit annually to the WDA a copy of its audited financial statements and a copy of its adopted budget. Also, pursuant to the Loan Agreement and the NonArbitrage Certificate (both of which are contained in the bond transcript) you are to provide annually to the WDA a rebate calculation certificate or an exception opinion showing whether a rebate amount is due to the US Government under arbitrage requirements in Section 148(f) of the US Internal Revenue Code, 1986, as amended.

SWEEP RESOLUTION

WHEREAS, Gilmer 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, Pursuant to Chapter 13, Article 3, Section 5a, the MBC has established fees for its services (the "MBC Fee");

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, along with the MBC Fee, 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) Chairman and Secretary 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.

3) This resolution shall be effective immediately upon adoption.

Adopted this 13th day of May, 2013.

William R. Stalnaker
Chairman

Brenda Lawson
Secretary

WEST VIRGINIA
Water Development Authority
Celebrating 37 Years of Service ***1974 - 2013***

May 24, 2013

Gilmer County Public Service District
Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

TO WHOM IT MAY CONCERN:

In reliance upon the certificate of Spencer CPA & Associates, P.L.L.C., the independent certified public accountants and an opinion of Steptoe & Johnson PLLC, bond counsel, that the coverage and parity tests have been met, the undersigned duly authorized representative for the West Virginia Water Development Authority, the Registered Owner of the entire Outstanding aggregate principal amount of the Prior Bonds, hereinafter defined and described, of Gilmer County Public Service District (the "Issuer"), hereby consents to the issuance of the Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), in the principal amount of $1,725,000 (the "Series 2013 A Bonds") by the Issuer, under the terms of the Resolution authorizing the Series 2013 A Bonds, on a parity, with respect to liens, pledge and source of and security for payment with the Issuer's: (1) Water Revenue Bonds, Series 2005 A Bonds (West Virginia Infrastructure Fund), dated April 19, 2005, issued in the original aggregate principal amount of $1,470,000 (the "Series 2005 A Bonds"); (2) Water Revenue Bonds, Series 2005 B Bonds (West Virginia DWTRF Program), dated April 19, 2005, issued in the original aggregate principal amount of $1,639,000 (the "Series 2005 B Bonds"); and (3) Water Revenue Bonds, Series 2008 A Bonds (West Virginia Infrastructure Fund), dated April 16, 2008, issued in the original aggregate principal amount of $1,325,000 (the "Series 2005 A Bonds"), (collectively, the "Prior Bonds").

Sheila A. Miller
Authorized Representative

1009 Bullitt Street, Charleston, WV 25301
Phone (304) 414-6500 / fax (304) 414-0865
www.wvwda.org

USDA
United States Department of Agriculture

Rural Development

West Virginia State Office

1550 Earl Core Road,
Suite 101
Morgantown, WV
26505

Voice 304.284.4860
1.800.295.8228
Fax 304.284.4893

May 24, 2013

Gilmer County Public Service District
Water Revenue Bonds, Series 2013 A
(West Virginia DWTRF Program)

TO WHOM IT MAY CONCERN:

The undersigned duly authorized representative of the United States of America, acting through the Rural Utilities Service, United States Department of Agriculture, the present Holder of the RUS Bonds, hereinafter defined and described, hereby (i) consents to the issuance of the Water Revenue Bonds, Series 2013 A (West Virginia DWTRF Program), in the original aggregate principal amount of $1,725,000 (the "Bonds"), by Gilmer County Public Service District (the "Issuer"), under the terms of the bond resolution authorizing the issuance of the Bonds (the "Resolution"), on a parity, with respect to liens, pledge and source of and security for payment, with the Issuer's Outstanding: (1) Water Revenue Bonds, Series 1994 (United States Department of Agriculture), dated August 18, 1994, issued in the original aggregate principal amount of $550,000 (the "Series 1994 Bonds"); and (2) Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000 (the "Series 2000 Bonds"), (collectively, the "RUS Bonds").

WITNESSETH my signature on this 24th day of May, 2013.

State Director

USDA is an equal opportunity provider and employer.

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov.

GILMER COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1994

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	8
ARTICLE III AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND	
Section 3.01 Authorization of Bond	9
Section 3.02 Description of Bond	9
Section 3.03 Negotiability, Registration, Transfer and Exchange of Bond	9
Section 3.04 Bond Registrar	9
Section 3.05 Execution of Bond	10
Section 3.06 Bonds Mutilated, Destroyed, Stolen or Lost	10
Section 3.07 Bond Secured by Pledge of Net Revenues	10
Section 3.08 Form of Bond	11
FORM OF BOND	12
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	18
Section 4.02 Bond Proceeds; Project Construction Account	18
Section 4.03 Covenants of the Issuer as to System Revenues and Funds	19
ARTICLE V GENERAL COVENANTS, ETC.	
Section 5.01 General Statement	23
Section 5.02 Rates	23

Section 5.03 Sale of the System 23
Section 5.04 Issuance of Additional Parity Bonds or Obligations 23
Section 5.05 Insurance and Bonds 23
Section 5.06 Fiscal Year; Budget 25
Section 5.07 Covenant to Proceed and Complete 25
Section 5.08 Books and Records; Audits 26
Section 5.09 Maintenance of System 26
Section 5.10 No Competition 26
Section 5.11 Statutory Mortgage Lien 26
Section 5.12 Events of Default 26
Section 5.13 Enforcement 26
Section 5.14 Compensation of Members of Governing Body 27

ARTICLE VI
RATES, ETC.

Section 6.01 Initial Schedule of Rates and Charges; Rules 28

ARTICLE VII
MISCELLANEOUS

Section 7.01 Payment of Bond 29
Section 7.02 Modification or Amendment 29
Section 7.03 Delivery of Bond No. R-1 29
Section 7.04 Severability of Invalid Provisions 29
Section 7.05 Conflicting Provisions Repealed 29
Section 7.06 Table of Contents and Headings 29
Section 7.07 Covenant of Due Procedure, Etc. 29
Section 7.08 Effective Date 30
SIGNATURES 30

GILMER COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF PUBLIC SERVICE PROPERTIES OF GILMER COUNTY PUBLIC SERVICE DISTRICT CONSTITUTING WATERWORKS FACILITIES AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $550,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BOND, SERIES 1994; DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BOND; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES AND SECURITY OF THE HOLDERS OF THE BOND; AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GILMER 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, of the West Virginia Code of 1931, as amended (the "Act"), and other applicable provisions of law.

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

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

B. The Issuer presently does not own or operate a public waterworks system, and it is deemed essential, convenient, necessary and desirable for the health, safety, advantage, convenience and welfare of the inhabitants of the Issuer, and, accordingly, it is hereby ordered that there be acquired and constructed certain waterworks facilities consisting of a 100,000 gallon water storage tank and a water distribution system in Gilmer County to serve approximately 285 customers in the communities of Sand Fork and Stouts Mill along Route 5 and the community of Baldwin along Route 33 with all necessary appurtenant facilities (the "Project"), which constitute properties for the diversion, development, pumping, impounding, treatment, storage, distribution or furnishing of water to or for the public for industrial, public, private or other uses (the Project and any additions and improvements thereto or extensions thereof are herein called the "System") at an estimated cost of $1,812,000, in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Secretary of the Public Service Board (the "Governing Body") of the Issuer, of which

approximately $550,000 will be obtained from the Bond, approximately $596,000 will be obtained by a grant from the Purchaser (hereinafter defined) and approximately $666,000 will be obtained by a grant from the Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia). Water will be purchased from the City of Glenville pursuant to a water purchase contract between the City of Glenville and the Issuer. 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. It is deemed necessary for the Issuer to issue its Water Revenue Bond in the aggregate principal amount of $550,000 to finance part of the costs of acquisition and construction of the Project. 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 6 months after completion of such construction to the extent that revenues of the System are not sufficient therefor; engineering and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; and such other expenses as may be necessary or incidental to the construction of the Project and the financing authorized hereby; 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.

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 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 September 9, 1992, and any other amendments thereto (collectively, the "Letter of Conditions").

G. There are no outstanding obligations of the Issuer which will rank prior to or on a parity with the Bond as to lien, pledge and/or source of and security for payment.

H. The Issuer has complied with all requirements of law relating to 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 all other 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.

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 Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements herein set

forth to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of such Bond.

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

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

"Bond" means the Water Revenue Bond, Series 1994, authorized hereby to be issued.

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

"Bond Registrar" or "Registrar" means the Issuer, which shall usually so act by its Secretary.

"Chairman" means the Chairman of the Governing Body.

"Consulting Engineer" means Hornor Brothers Engineers, 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.

"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.

"Depository Bank" means United National Bank, Glenville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Herein" or "herein" means this Bond Legislation.

"Issuer" or "District" means Gilmer County Public Service District, in Gilmer County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means the letter of conditions of the Purchaser dated September 9, 1992, and any other amendments thereto.

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

"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 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 (c) 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, Inc. or Standard & Poor's Corporation.

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

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

"Secretary" means the Secretary of the Governing Body.

"State" means the State of West Virginia.

"Surplus Revenues" shall have the meaning set forth in Section 4.03 hereof.

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

"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 $1,812,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Bond hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BOND

Section 3.01. Authorization of Bond. Subject and pursuant to the provisions hereof, the Bond of the Issuer, to be known as "Water Revenue Bond, Series 1994," is hereby authorized to be issued in the aggregate principal amount of not exceeding $550,000 for the purpose of permanently financing a portion of the Costs of the Project.

Section 3.02. Description of Bond. The Bond shall be issued in single form, No. R-1, only as a fully registered Bond, and shall be dated the date of delivery thereof. The Bond shall bear interest from 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 Bond. Subject to the provisions for transfer of registration set forth below, the Bond shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State, 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 Bond 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 Bond Registrar shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Bond shall be permitted to be made after the 15th day next preceding any installment payment date on the Bond.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the Bond, and, upon presentation for such purpose, the Bond 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 Bond Registrar shall accept the Bond for registration or transfer only if ownership thereof is to be registered in the name of the Government, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each

corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Bond shall initially be fully registered as to both principal and interest in the name of the United States of America. 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 have been actually sold and delivered, such Bond may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bond had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bond shall hold the proper office in the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Bond so surrendered shall be cancelled 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.

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)

GILMER COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1994

$550,000

No. R-1 Date: _____

FOR VALUE RECEIVED, GILMER COUNTY PUBLIC SERVICE DISTRICT (herein called the "Issuer") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FIVE HUNDRED FIFTY THOUSAND DOLLARS ($550,000), 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 the date of delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,525, 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 the Issuer as requested by the Issuer 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 the Issuer. 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 the Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the Issuer 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 the Issuer 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 the Issuer, 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 the Issuer, 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The Issuer 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 waterworks facilities of the Issuer, 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 construction and acquisition of additions, extensions and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest thereon except from the special fund so provided.

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 Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Legislation, and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A, of the West Virginia Code (herein called the "Act"), and with a resolution of the Issuer duly adopted authorizing issuance of this Bond (the "Bond Legislation").

If at any time it shall appear to the Government that the Issuer 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, the Issuer 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 the Issuer 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, GILMER COUNTY 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.

GILMER COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

10 Howard Street
(P.O. Box No. or Street Address)

Glenville, West Virginia 26351
(City, State and Zip Code)

ATTEST:

_____
(Signature of Attesting Official)

Secretary, Public Service Board
(Title of Attesting Official)

(Form of)

RECORD OF ADVANCES

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

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are hereby created and established with, 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 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 to the date of such payment, the Issuer further covenants with the holder of the Bond as follows:

(A) REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided herein and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided herein.

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

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

(ii) The Issuer shall next, each month, 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.

(iii) The Issuer shall also, on each date that payment is made as set forth in (ii) 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 payment of monthly installments on the Bond and for payment of Operating Expenses of the System, as shall be required to maintain the Minimum Reserve in the Reserve Fund. Moneys in the Reserve Fund shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Bond to said National Finance Office (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 and used for prepayment of the principal of the Bond.

(iv) The Issuer shall next, on each date that payment is made as set forth in (ii) above, transfer from the Revenue Fund and deposit in the Depreciation Reserve, the moneys remaining in the Revenue Fund and not permitted to be retained therein, until there has been accumulated in the Depreciation Reserve the

aggregate sum of $90,000, 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.

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

Whenever the moneys in the Reserve Fund shall be sufficient to prepay the Bond in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Bond at the earliest practical date and in accordance with applicable provisions hereof.

The 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 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 as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

The 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. Earnings upon moneys in the Reserve Fund, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually in January into the Revenue Fund by the Depository Bank.

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

(D) USER CONTRACTS. The Issuer shall, prior to delivery of the Bond, provide evidence that there will be at least 228 bona fide users upon the System on completion of the Project, in full compliance with the requirements and conditions of the Purchaser.

(E) CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

(F) INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by 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, in a lawful manner for securing deposits of state and municipal funds under the laws of the State.

(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 to be made into the Reserve Fund and 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 or all of the Revenues of the System shall be issued after the issuance of the Bond pursuant hereto except with the prior written consent of the Purchaser.

Section 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 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 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 insurance will be maintained as required by law.

(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. 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 first day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the year next 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 5.07. 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 and on file with the Governing Body on the date of adoption hereof, subject to permitted changes.

Section 5.08. 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 further covenants to comply with the Act with respect to such books, records and accounts.

Section 5.09. 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 5.10. 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 5.11. 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 5.12. Events of Default. Each of the following events is hereby declared an "Event of Default":

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

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

Section 5.13. 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 5.14. 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.

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 Order of the Public Service Commission of West Virginia, entered on February 17, 1994, Case No. 92-1226-PWD-CN, which 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. 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.

D. 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.

E. 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 such remedies and powers as are provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such rates and charges.

F. 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.

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bond. If the Issuer shall pay, or there shall otherwise be paid, to the Holder of the Bond, the principal of and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then with respect to the Bond, the pledge of Net Revenues and other moneys and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owner of the Bond, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bond No. R-1. The Chairman, Treasurer and Secretary of the Governing Body are hereby authorized and directed to cause Bond No. R-1, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Bond.

Section 7.05. Conflicting Provisions Repealed. All orders or resolutions, or parts thereof, in conflict with the provisions hereof are, to the extent of such conflict, 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 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 Date. This Resolution shall take effect immediately upon its adoption.

Adopted: August 18, 1994.

Chairman

Member

Member

08/02/94
GILJ.A2
329470/92001

(SPECIMEN BOND)

GILMER COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BOND, SERIES 1994

$550,000

No. R-1 Date: August 18, 1994

FOR VALUE RECEIVED, GILMER COUNTY PUBLIC SERVICE DISTRICT (herein called the "Issuer") promises to pay to the order of the United States of America (the "Government"), or its registered assigns, at its National Finance Office, St. Louis, Missouri 63103, or at such other place as the Government may hereafter designate in writing, the principal sum of FIVE HUNDRED FIFTY THOUSAND DOLLARS ($550,000), 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 the date of delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $2,525, 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 the Issuer as requested by the Issuer 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 the Issuer. 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 the Issuer to pay the remaining installments as scheduled herein.

If the Government at any time assigns this Bond and insures the payment thereof, the Issuer 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 the Issuer 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 the Issuer, 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 the Issuer, 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 the Issuer to the Government without demand. The Issuer agrees to use the loan evidenced hereby solely for purposes authorized by the Government.

The Issuer 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 waterworks facilities of the Issuer, 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 construction and acquisition of additions, extensions and improvements to the waterworks system (the "System") of the Issuer, is payable solely from the revenues to be derived from the operation of the System after there have been first paid from such revenues the reasonable current costs of operation and maintenance of the System. This Bond does not in any manner constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, nor shall the Issuer be obligated to pay the same or the interest thereon except from the special fund so provided.

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 Issuer, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Bond Legislation, and upon surrender

and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A, of the West Virginia Code (herein called the "Act"), and with a resolution of the Issuer duly adopted authorizing issuance of this Bond (the "Bond Legislation").

If at any time it shall appear to the Government that the Issuer 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, the Issuer 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 the Issuer 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, GILMER COUNTY 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.

GILMER COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

_____

Chairman, Public Service Board
10 Howard Street
Glenville, West Virginia 26351

ATTEST:

_____

Secretary, Public Service Board

RECORD OF ADVANCES

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

TOTAL $_____

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2000
(United States Department of Agriculture)

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	9
	ARTICLE III AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS	
Section 3.01	Authorization of Bonds	10
Section 3.02	Description of Bonds	10
Section 3.03	Negotiability, Registration, Transfer and Exchange of Bonds	10
Section 3.04	Bond Registrar	10
Section 3.05	Execution of Bonds	11
Section 3.06	Bonds Mutilated, Destroyed, Stolen or Lost	11
Section 3.07	Bonds Secured by Pledge of Net Revenues	11
Section 3.08	Form of Bond	12
	FORM OF BOND	13

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	19
Section 4.02	Bond Proceeds; Project Construction Account	19
Section 4.03	Covenants of the Issuer as to System Revenues and Funds	20
Section 4.04	Interim Construction Financing	24

ARTICLE V
GENERAL COVENANTS, ETC.

Section 5.01	General Statement	25
Section 5.02	Rates	25
Section 5.03	Sale of the System	25
Section 5.04	Issuance of Additional Parity Bonds or Obligations	25
Section 5.05	Insurance and Bonds	25
Section 5.06	Statutory Mortgage Lien	27
Section 5.07	Events of Default	27
Section 5.08	Enforcement	28
Section 5.09	Fiscal Year; Budget	28
Section 5.10	Compensation of Members of Governing Body	28
Section 5.11	Covenant to Proceed and Complete	29
Section 5.12	Books and Records; Audits	29
Section 5.13	Maintenance of System	29
Section 5.14	No Competition	29

ARTICLE VI
RATES, ETC.

Section 6.01	Initial Schedule of Rates and Charges; Rules	30

ARTICLE VII
MISCELLANEOUS

Section 7.01	Payment of Bonds	31
Section 7.02	Modification or Amendment	31
Section 7.03	Delivery of Bonds	31
Section 7.04	Severability of Invalid Provisions	31
Section 7.05	Conflicting Provisions Repealed	31

Section 7.06	Table of Contents and Headings	31
Section 7.07	Covenant of Due Procedure, Etc.	31
Section 7.08	Effective Time	32
	SIGNATURES	32
	CERTIFICATION	33

GILMER COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN PUBLIC SERVICE PROPERTIES CONSISTING OF ADDITIONS, IMPROVEMENTS AND EXTENSIONS TO THE EXISTING WATERWORKS SYSTEM OF GILMER COUNTY PUBLIC SERVICE DISTRICT, AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED THEREOF, THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $200,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2000 (UNITED STATES DEPARTMENT OF AGRICULTURE); DEFINING AND PRESCRIBING THE TERMS AND PROVISIONS OF THE BONDS; PROVIDING GENERALLY FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE HOLDER OF THE BONDS; AND PROVIDING WHEN THIS RESOLUTION SHALL TAKE EFFECT

BE IT RESOLVED AND ORDERED BY THE PUBLIC SERVICE BOARD OF GILMER COUNTY 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. Gilmer County Public Service District (the "Issuer") is a public corporation and public service district and political subdivision of the State of West Virginia in Gilmer County of said State, duly created pursuant to the Act by The County Commission of Gilmer County.

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

A. The Issuer currently owns and operates a public waterworks system and desires to finance and acquire, construct, operate and maintain certain additional public service properties consisting of additions, improvements and extensions to such existing

waterworks facilities with all appurtenant facilities, within the boundaries of the Issuer to be owned and operated by the Issuer.

B. It is deemed essential, convenient and desirable for the health, welfare, safety, advantage and convenience of the inhabitants of the Issuer, and, accordingly, it is hereby ordered, that there be acquired and constructed certain additions, improvements and extensions to the existing waterworks facilities of the Issuer, consisting of approximately 8.5 miles of water lines, one booster station, and one storage tank in the Stewart Creek Hill, Linn and Troy areas of Gilmer County, 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 existing waterworks facilities of the Issuer, together with the Project and any further additions, improvements or extensions thereto, are herein called the "System." The acquisition and construction of the Project and the financing hereby authorized and provided for are public purposes of the Issuer and are ordered for the purpose of meeting and serving public convenience and necessity.

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

D. The estimated maximum cost of the acquisition and construction of the Project is $1,334,000, of which $200,000 will be obtained from the proceeds of sale of the Series 2000 Bonds herein authorized, $494,000 will be obtained from a grant from the Purchaser, $54,000 will be obtained from a subsequent grant from the Purchaser and $586,000 will be obtained from a grant from the United States Department of Housing and Urban Development (Small Cities Block Grant through the State of West Virginia).

E. It is necessary for the Issuer to issue its Water Revenue Bonds, Series 2000 (United States Department of Agriculture), in the aggregate principal amount of $200,000 (the "Series 2000 Bonds"), to finance a portion of the cost of such acquisition and construction in the manner hereinafter provided. The cost of such acquisition and construction shall be deemed to include, without being limited to, the acquisition and construction of the Project; the cost of all property rights, easements and franchises deemed necessary or convenient therefor and for the improvements and extensions thereto; interest on the Series 2000 Bonds prior to, during and for six months after completion of such acquisition and construction of the improvements and extensions; engineering, fiscal agents and legal expenses; expenses for estimates of costs and revenues; expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the Project, administrative expense, and such other expenses as may be necessary or incident to the financing herein authorized, and the acquisition and construction of the properties and the placement of same in operation; provided that, reimbursement to the

Issuer for any amounts expended by it for the repayment of indebtedness incurred for costs of the Project by the Issuer shall be deemed costs of the Project.

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

G. There is outstanding an obligation of the Issuer which will rank on a parity with the Series 2000 Bonds as to liens, pledge and source of and security for payment, being the Water Revenue Bond, Series 1994, dated August 18, 1994, issued in the original aggregate principal amount of $550,000 (the "Prior Bonds"), and held by the Purchaser. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which rank prior to or on a parity with the Series 2000 Bonds as to liens, pledge and/or source of and security for payment.

The Issuer is not in default under the terms of the Prior Bonds, or the resolutions authorizing issuance of the Prior Bonds or any document in connection therewith, and has complied with all requirements of all the foregoing with respect to the issuance of parity bonds or has obtained a sufficient and valid consent or waiver thereof.

H. It is in the best interest of the Issuer that the Series 2000 Bonds be sold to the Purchaser, pursuant to the terms and provisions of the Letters of Conditions, dated July 9, 1998, and all amendments thereto, if any (collectively, the "Letter of Conditions").

I. The Issuer has complied with all requirements of law relating to the authorization of the acquisition and construction of the Project, the operation of the System, including, without limitation, the imposition of rates and charges, and the issuance of the Series 2000 Bonds, or will have so complied prior to issuance of the Series 2000 Bonds, including, among other things and without limitation, obtaining a certificate of public convenience and necessity and approval of the financing and necessary user rates and charges from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which have expired or shall have been duly waived or otherwise provided for.

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2000 Bonds by those who shall be the Registered Owner of the same from time to time, this Resolution (the "Bond Legislation") shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owner, and the covenants and agreements set forth herein to be performed by the Issuer shall be for the benefit, protection and security of the Registered Owner of the Series 2000 Bonds.

Section 1.04. Definitions. In addition to capitalized terms defined elsewhere herein, the following terms shall have the following meanings herein unless the text otherwise expressly requires:

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

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

"Bond Registrar" means the Issuer, which shall usually so act by its Secretary.

"Bonds" means, collectively, the Series 2000 Bonds and the Prior Bonds.

"Chairman" means the Chairman of the Governing Body.

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

"Consulting Engineer" means Hornor Brothers Engineers, 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 United National Bank, Glenville, West Virginia, a bank or trust company which is a member of FDIC (herein defined), and its successors and assigns.

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

"FDIC" means the Federal Deposit Insurance Corporation.

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

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

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

"Grants" means, collectively, all grants committed for the Project.

"Herein" or "herein" means in this Bond Legislation.

"Issuer," "Borrower" or "District" means Gilmer County Public Service District, a public service district and a public corporation and a political subdivision of the State of West Virginia, in Gilmer County, West Virginia, and includes the Governing Body.

"Letter of Conditions" means, collectively, the Letter of Conditions of the Purchaser dated July 9, 1998, and all amendments thereto, if any.

"Minimum Reserve" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2000 Bonds in the then current or any succeeding year.

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

"Operating Expenses" means the current expenses, paid or accrued, of operation and maintenance of the Project and the System and its facilities, and includes, without limiting the generality of the foregoing, insurance premiums, salaries, wages and administrative expenses of the Issuer relating and chargeable solely to the Project and the System, the accumulation of appropriate reserves for charges not annually recurrent but which are such as may reasonably be expected to be incurred, and such other reasonable operating costs as are normally and regularly included under recognized accounting principles and retention of a sum not to exceed one-sixth of the budgeted Operating Expenses stated above for the current year as working capital, and language herein requiring payment of Operating Expenses means also retention of not to exceed such sum as working capital; provided that, all monthly amortization payments upon the Bonds and into all funds and accounts have been made to the last monthly payment date prior to the date of such retention.

"Prior Bonds" means the Water Revenue Bond, Series 1994, of the Issuer described in Section 1.02G hereof.

"Prior Resolution" means the resolution of the Issuer, adopted August 18, 1994, authorizing the Prior Bonds.

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

"Purchaser" or "Government" means United States Department of Agriculture, Rural Utilities Service, and any successor thereof, acting for and on behalf of the United States of America.

"Qualified Investments" means and includes any of the following, to the extent such investments are permitted by law:

(a) Government Obligations;

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

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

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

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

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

(g) Repurchase agreements, fully secured by investments of the types described in paragraphs (a) through (e) above, with banks or national banking associations which are members of FDIC or with government bond dealers recognized as primary dealers by the Federal Reserve Bank of New York,

provided, that said investments securing said repurchase agreements either must mature as nearly as practicable coincident with the maturity of said repurchase agreements or must be replaced or increased so that the market value thereof is always at least equal to the principal amount of said repurchase agreements, and provided further that the holder of such repurchase agreement shall have a prior perfected security interest in the collateral therefor, must have (or its agent must have) possession of such collateral, and such collateral must be free of all claims by third parties;

(h) The West Virginia "consolidated fund" managed by the West Virginia Board of Investment Management 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 Bonds" or any similar term means any person who shall be the registered owner of the Bonds.

"Resolutions" means, collectively, the Prior Resolution and the Bond Legislation.

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

"Secretary" means the Secretary of the Governing Body.

"Series 2000 Bonds" means the Water Revenue Bonds, Series 2000 (United States Department of Agriculture), authorized hereby to be issued pursuant to this Bond Legislation.

"System" means the complete public waterworks system of the Issuer, presently existing in its entirety or any integral part thereof, and shall include the Project and any improvements and extensions thereto hereafter acquired or constructed for the System from any sources whatsoever.

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

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

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $1,334,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2000 Bonds hereby authorized shall be applied as provided in Article IV hereof.

ARTICLE III

AUTHORIZATION, TERMS, EXECUTION, REGISTRATION AND ISSUE OF BONDS

Section 3.01. Authorization of Bonds. Subject and pursuant to the provisions of the Bond Legislation, the Series 2000 Bonds of the Issuer, to be known as "Water Revenue Bonds, Series 2000 (United States Department of Agriculture)", are hereby authorized to be issued in the principal amount of $200,000, for the purpose of financing a portion of the cost of the acquisition and construction of the Project.

Section 3.02. Description of Bonds. The Series 2000 Bonds 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 Series 2000 Bonds shall bear interest from the date of delivery, payable monthly at the rate of 4.5% per annum, and shall be sold for the par value thereof.

The Series 2000 Bonds shall be subject to prepayment of scheduled monthly installments, or any portion thereof, at the option of the Issuer, and shall be payable as provided in the respective Bond forms hereinafter set forth.

Section 3.03. Negotiability, Registration, Transfer and Exchange of Bonds. The Series 2000 Bonds shall be and have all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but the Series 2000 Bonds, and the right to principal of and stated interest on the Series 2000 Bonds, may only be transferred by transfer of the registration thereof upon the books required to be kept pursuant to Section 3.04 hereof, by the party in whose name it is registered, in person or by attorney duly authorized in writing, upon surrender of the Series 2000 Bonds for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Bond Registrar.

Whenever the Series 2000 Bonds shall be surrendered for registration of transfer, the Issuer shall execute and deliver a new Bond or Bonds in authorized denominations, for a like aggregate principal amount. The Bond Registrar shall require the payment by the new owner requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer, but the Issuer shall pay any other expenses incurred by the Bond Registrar with respect to such transfer.

No registration of transfer of the Series 2000 Bonds shall be permitted to be made after the 15th day next preceding any installment payment date on the Series 2000 Bonds.

Section 3.04. Bond Registrar. The Issuer shall be the Bond Registrar and will keep, or cause to be kept by its agent, at its office, sufficient books for the registration and transfer of the

Series 2000 Bonds, and, upon presentation for such purpose, the Bond Registrar shall, under such reasonable regulations as it may prescribe, register the Series 2000 Bonds initially issued pursuant hereto and register the transfer, or cause to be registered by its agent, on such books, the transfer of the Series 2000 Bonds as hereinbefore provided.

The Bond Registrar shall accept the Series 2000 Bonds for registration or transfer only if ownership thereof is to be registered in the name of the Purchaser, an individual (including joint ownership), a corporation, a partnership or a trust, and only upon receipt of the social security number of each individual, the federal employer identification number of each corporation or partnership or the social security numbers of the settlor and beneficiaries of each trust and the federal employer identification number and date of each trust and the name of the trustee of each trust and/or such other identifying number and information as may be required by law. The Series 2000 Bonds shall initially be fully registered as to both principal and interest in the name of the United States of America. So long as the Series 2000 Bonds shall be registered in the name of the United States of America, the address of the United States of America for registration purposes shall be National Finance Office, St. Louis, Missouri 63103, or such other address as shall be stated in writing to the Issuer by the United States of America.

Section 3.05. Execution of Bonds. The Series 2000 Bonds shall be executed in the name of the Issuer by the Chairman and its corporate seal shall be affixed thereto and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2000 Bonds shall cease to be such officer of the Issuer before the Series 2000 Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. The Series 2000 Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.06. Bonds Mutilated, Destroyed, Stolen or Lost. In case the Series 2000 Bonds shall become mutilated or be destroyed, stolen or lost, the Issuer may in its discretion issue and deliver a new Bond of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bonds or in lieu of and substitution for the Bonds destroyed, stolen or lost, and upon the holder's furnishing the Issuer proof of his ownership thereof and complying with such other reasonable regulations and conditions as the Issuer may require. The Series 2000 Bonds so surrendered shall be canceled and held for the account of the Issuer. If the Series 2000 Bonds shall have matured or be about to mature, instead of issuing a substitute Bond the Issuer may pay the same, and, if such Bond be destroyed, stolen or lost, without surrender thereof.

Section 3.07. Bonds Secured by Pledge of Net Revenues. The payment of the debt service of the Series 2000 Bonds shall be secured forthwith by a first lien on the Net Revenues derived from the System, on a parity with the Prior Bonds. The Net Revenues derived from the System in an amount sufficient to pay the principal of and interest on the Series 2000 Bonds and the Prior Bonds, and

to make the payments as hereinafter provided, are hereby irrevocably pledged to the payment of the principal of and interest on the Series 2000 Bonds and the Prior Bonds as the same become due.

Section 3.08. Form of Bond. Subject to the provisions hereof, the text of the Series 2000 Bonds and the other details thereof shall be of substantially the following tenor, with such omissions, insertions and variations as may be authorized or permitted hereby or by any resolution adopted after the date of adoption hereof and prior to the issuance thereof:

(FORM OF BOND)

GILMER COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2000
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$200,000

No. R-1 Date: _____

FOR VALUE RECEIVED, GILMER COUNTY 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 TWO HUNDRED THOUSAND DOLLARS ($200,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $918, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

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

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted February 23, 2000, 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 Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BOND, SERIES 1994, AS DESCRIBED IN THE RESOLUTION.

IN WITNESS WHEREOF, GILMER COUNTY 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.

GILMER COUNTY PUBLIC SERVICE DISTRICT
(Name of Borrower)

[CORPORATE SEAL]

_____
(Signature of Executive Official)

Chairman, Public Service Board
(Title of Executive Official)

232 West Main Street
P. O. Box No. or Street Address)

Glenville, West Virginia 26531
(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)	$		(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

ARTICLE IV

SYSTEM REVENUES AND APPLICATION THEREOF; DISPOSITION OF BOND PROCEEDS; FUNDS AND ACCOUNTS

Section 4.01. Establishment of Funds and Accounts with Depository Bank. The following special funds or accounts are created with (or continued if previously established by the Prior Resolution) and shall be held by the Depository Bank, separate and apart from all other funds or accounts of the Depository Bank and from each other:

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

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

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

(4) Series 1999 Bonds Reserve Account; and

(5) Project Construction Account.

Section 4.02. Bond Proceeds; Project Construction Account. The proceeds of the sale of the Series 2000 Bonds 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 Series 2000 Bonds if there are not sufficient Net Revenues to make such monthly payment.

Pending application as provided in this Section 4.02, money and funds in the Project Construction Account shall be invested and reinvested at the direction of the Issuer, to the extent possible in accordance with applicable law, in Qualified Investments.

When acquisition and construction of the Project has been completed and all costs thereof have been paid or provision for such payment has been made, any balance remaining in the Project Construction Account shall be disposed of in accordance with the regulations of the Purchaser.

Section 4.03. Covenants of the Issuer as to System Revenues and Funds. So long as any of the Series 2000 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2000 Bonds Reserve Account, a sum sufficient to pay, when due or at the earliest practical prepayment date, the entire principal of the Series 2000 Bonds remaining unpaid, together with interest accrued and to accrue thereon, the Issuer further covenants with the Holders of the Series 2000 Bonds as follows:

A. REVENUE FUND. The entire Gross Revenues derived from the operation of the System, and all parts thereof, and all Tap Fees received, shall be deposited as collected by the Issuer in the Revenue Fund. The Revenue Fund shall constitute a trust fund for the purposes provided in the Resolutions and shall be kept separate and distinct from all other funds of the Issuer and the Depository Bank and used only for the purposes and in the manner provided in the Resolutions.

B. DISPOSITION OF REVENUES. All Revenues at any time on deposit in the Revenue Fund shall be disposed of only in the following order and priority, subject to the provisions of the Prior Resolution not otherwise modified herein:

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

(2) The Issuer shall next, each month, on or before the due date of payment of each installment on the Prior Bonds and the Series 2000 Bonds, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required to pay the interest on the Prior Bonds and the Series 2000 Bonds and to amortize the principal of the Prior Bonds and the Series 2000 Bonds over the respective lives of each Bond issue. All payments with respect to principal of and interest on the Prior Bonds and the Series 2000 Bonds shall be made on an equal pro rata basis in accordance with the respective aggregate principal amounts thereof outstanding and on a parity with each other.

(3) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank (i) for deposit into the Reserve Fund, the amount required by the Prior Resolution; and (ii) for deposit into the Series 2000 Bonds Reserve Account, 0.4167% of the Minimum Reserve, until the amount in the Series 2000 Bonds Reserve Account equals the Minimum Reserve. Moneys in the Series 2000 Reserve Account shall be used solely to make up any deficiency for monthly payments of the principal of and interest on the Series 2000 Bonds to the National Finance Office as the same shall become due or for prepayment of installments on the Series 2000 Bonds, or for mandatory prepayment of the Series 2000 Bonds as hereinafter provided, and for no other purpose.

(4) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund and remit to the Depository Bank for deposit in the Depreciation Reserve, (i) the amount required by the Prior Resolution; and (ii) 0.4167% of the Minimum Reserve, until the amount in the Series 2000 Bonds Reserve Account equals the Minimum Reserve, and thereafter, 0.8334% of the Minimum Reserve, so long as the Series 2000 Bonds are outstanding; provided, however, that in the event Revenues are insufficient to fund the Series 2000 Bonds Reserve Account in accordance with Section 4.03B(3)(ii) above, or a withdrawal of funds from the Series 2000 Bonds Reserve Account is made, payment of Revenues into the Depreciation Reserve as provided in this Section 4.03B(4)(ii) shall not be made, but instead Revenues shall be applied to the replenishment of the Series 2000 Bonds Reserve Account until such deficiency is cured, at which time payments into the Depreciation Reserve as provided in this Section 4.03B(4)(ii) shall resume. Moneys in the Depreciation Reserve shall be used first to make up any deficiencies for monthly payments of interest on and principal of the Prior Bonds and the Series 2000 Bonds as the same become due, and next to restore to the Reserve Fund and the Series 2000 Bonds Reserve Account any sum or sums transferred therefrom, all on a pro rata basis. Thereafter, and provided that payments are current and in accordance with the foregoing provisions, moneys in the Depreciation Reserve may be withdrawn by the

Issuer and used for replacements, repairs, improvements or extensions to the System.

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

Whenever the money in the Series 2000 Bonds Reserve Account shall be sufficient to prepay the Series 2000 Bonds in full, it shall be the mandatory duty of the Issuer, anything to the contrary herein notwithstanding, to prepay the Series 2000 Bonds 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 Series 2000 Bonds Reserve Account and the Depreciation Reserve as herein provided, and all amounts required for the Series 2000 Bonds Reserve Account 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 Series 2000 Bonds Reserve Account 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 Series 2000 Bonds and the interest thereon.

If on any payment date the Revenues are insufficient to make the payments and transfers as hereinabove provided, the deficiency shall be made up in the subsequent payments and transfers in addition to those which would otherwise be required to be made on the subsequent payment dates.

Principal, interest or reserve payments, whether made for a deficiency or otherwise, shall be made on a parity and pro rata, with respect to the Series 2000 Bonds and the Prior Bonds, in accordance with the respective principal amounts then Outstanding.

Subject to the Prior Resolution, the Depository Bank, at the direction of the Issuer, shall keep the moneys in the Series 2000 Bonds Reserve

Account 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 Board of Investment Management. 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 from moneys in the Series 2000 Bonds Reserve Account, so long as the Minimum Reserve is on deposit and maintained therein, shall be paid annually into the Revenue Fund by the Depository Bank.

C. CHANGE OF DEPOSITORY BANK. The Issuer may designate another bank or trust company insured by FDIC as Depository Bank if the Depository Bank should cease for any reason to serve or if the Governing Body determines by resolution that the Depository Bank or its successor should no longer serve as Depository Bank. Upon any such change, the Governing Body will cause notice of the change to be sent by registered or certified mail to the Purchaser.

D. USER CONTRACTS. The Issuer shall, prior to delivery of the Series 2000 Bonds, provide evidence that there will be at least 92 bona fide users upon the Project on completion, in full compliance with the requirements and conditions of the Purchaser.

E. CHARGES AND FEES. The Issuer shall remit from the Revenue Fund to the Depository Bank such additional sums as shall be necessary to pay the charges and fees of the Depository Bank then due.

F. INVESTMENT OF EXCESS BALANCES. The moneys in excess of the sum insured by FDIC in any of such funds or accounts 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.

Section 4.04. Interim Construction Financing. In order to pay certain costs of the Project pending receipt of proceeds of the Grants and advances of principal of the Series 2000 Bonds, the Issuer may issue and sell its interim construction notes in an aggregate principal amount not to exceed $200,000 (the "Notes"). The Notes shall be in the form of a line of credit from a commercial bank or other lender, and the Issuer is hereby authorized to enter into the credit agreement with such commercial bank or other lender. The Notes shall bear interest from the date or dates, at such rate or rates, payable on such dates and shall mature on such date or dates and be subject to such prepayment or redemption, all as provided in the credit agreement.

The Notes shall be special obligations of the Issuer payable as to principal and interest solely from proceeds of the Series 2000 Bonds or the Grants. The Notes do not and shall not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions. The general funds of the Issuer are not liable, and neither the full faith and credit nor the taxing power of the Issuer, if any, is pledged for the payment of the Notes. The Holders of the Notes shall never have the right to compel the forfeiture of any property of the Issuer. The Notes shall not be a debt of the Issuer, nor a legal or equitable pledge, charge, lien or encumbrance upon any property of the Issuer or upon any of its income, receipts or revenues except as set forth herein.

ARTICLE V

GENERAL COVENANTS, ETC.

Section 5.01. General Statement. So long as the Series 2000 Bonds shall be outstanding and unpaid, or until there shall have been set apart in the Series 2000 Bonds Reserve Account a sum sufficient to prepay the entire principal of the Series 2000 Bonds remaining unpaid, together with interest accrued and to accrue thereon to the date of prepayment, the covenants and agreements contained herein shall be and constitute valid and legally binding covenants between the Issuer and the Holder of the Series 2000 Bonds.

Section 5.02. Rates. The Issuer will, in the manner provided in the Act, fix and collect such rates, fees or other charges for the services and facilities of the System, and revise the same from time to time whenever necessary, as will always provide Revenues in each Fiscal Year sufficient to produce Net Revenues equal to not less than 110% of the annual debt service on the Series 2000 Bonds and the Prior Bonds and sufficient to make the payments required herein into all funds and accounts and all the necessary expenses of operating and maintaining the System during such Fiscal Year and such rates, fees and other charges shall not be reduced so as to be insufficient to provide adequate Revenues for such purposes.

Section 5.03. Sale of the System. The System will not be sold without the prior written consent of the Purchaser so long as the Series 2000 Bonds are outstanding. Such consent will provide for disposition of the proceeds of any such sale.

Section 5.04. Issuance of Additional Parity Bonds or Obligations. 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 Series 2000 Bonds remain outstanding, insurance with a reputable insurance carrier or carriers covering the following risks and in the following amounts:

(a) Fire, Lightning, Vandalism, Malicious Mischief and Extended Coverage Insurance, to be procured upon acceptance of any part of the Project from the contractor, and immediately upon any portion of the System now in use, on all above-ground structures of the System and mechanical and electrical equipment in place or stored on the site in an amount equal to the full insurable value thereof. In the event of any

damage to or destruction of any portion of the System, the Issuer will promptly arrange for the application of the insurance proceeds for the repair or reconstruction of such damaged or destroyed portion. The Issuer will itself, or will require each contractor and subcontractor to, obtain and maintain builder's risk insurance to protect the interests of the Issuer during construction of the Project in the full insurable value thereof.

(b) Public Liability Insurance, with limits of not less than $500,000 for one or more persons injured or killed in one accident to protect the Issuer from claims for bodily injury and/or death, and not less than $200,000 to protect the Issuer from claims for damage to property of others which may arise from the operation of the System, such insurance to be procured not later than the date of delivery of the Series 2000 Bonds.

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

(d) Workers' Compensation Coverage for All Employees of the District Eligible Therefor and Performance and Payment Bonds, such bonds to be in the amounts of 100% of the construction contract, will be required of each prime contractor, and such payment bonds have been or will be filed with the Clerk of the County Commission of said County prior to commencement of construction of the Project in compliance with West Virginia Code Section 38-2-39. Workers' compensation coverage shall be maintained as required by the laws of the State of West Virginia.

(e) Flood Insurance to be procured, to the extent available at reasonable cost to the Issuer; however, if the System is located in a community which has been notified as having special flood or mudslide prone areas, flood insurance must be obtained.

(f) Fidelity Bonds will be provided as to every member of the Governing Body and as to every officer and employee thereof having custody of the Revenue Fund or of any revenues or other funds of the Issuer in 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 Series 2000 Bonds are outstanding, the Issuer will carry insurance and bonds or cause insurance and bonds to be carried for the protection of the Issuer, and during such construction will require each contractor and subcontractor to carry insurance, of such types and in such amounts as the Purchaser may specify, with insurance carriers or bonding companies acceptable to the Purchaser.

Section 5.06. Statutory Mortgage Lien. For the further protection of the Holder of the Series 2000 Bonds, a statutory mortgage lien upon the System is granted and created by the Act, on a parity with the Prior Bonds, which statutory mortgage lien is hereby recognized and declared to be valid and binding and shall take effect immediately upon the delivery of the Series 2000 Bonds.

Section 5.07. Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) Failure to make payment of any monthly amortization installment upon the Series 2000 Bonds at the date specified for payment thereof; and

(b) Failure to duly and punctually observe or perform any of the covenants, conditions and agreements on the part of the Issuer contained in the Series 2000 Bonds or herein, or violation of or failure to observe any provision of any pertinent law.

Section 5.08. Enforcement. Upon the happening of any Event of Default specified above, then, and in every such case, the Purchaser may proceed to protect and enforce its rights by an appropriate action in any court of competent jurisdiction, either for the specific performance of any covenant or agreement, or execution of any power, or for the enforcement of any proper legal or equitable remedy as shall be deemed most effectual to protect and enforce such rights.

Upon application by the Purchaser, such court may, upon proof of such default, appoint a receiver for the affairs of the Issuer and the System. The receiver so appointed shall administer the System on behalf of the Issuer, shall exercise all the rights and powers of the Issuer with respect to the System, shall proceed under the direction of the court to obtain authorization to increase rates and charges of the System, and shall have the power to collect and receive all revenues and apply the same in such manner as the court may direct.

Section 5.09. Fiscal Year; Budget. While the Series 2000 Bonds are outstanding and unpaid and to the extent not now prohibited by law, the System shall be operated and maintained on a Fiscal Year basis commencing on July 1 of each year and ending on the following June 30, which period shall also constitute the budget year for the operation and maintenance of the System. Not later than 30 days prior to the beginning of each Fiscal Year, the Issuer agrees to adopt the Annual Budget for the ensuing year, and no expenditures for operation and maintenance expenses of the System in excess of the Annual Budget shall be made during such Fiscal Year unless unanimously authorized and directed by the Governing Body. Copies of each Annual Budget shall be delivered to the Purchaser by the beginning of each Fiscal Year.

If for any reason the Issuer shall not have adopted the Annual Budget before the 1st day of any Fiscal Year, it shall adopt a Budget of Current Expenses from month to month until the adoption of the Annual Budget; provided, however, that no such monthly budget shall exceed the budget for the corresponding month in the next year preceding by more than 10%; and provided further, that adoption of a Budget of Current Expenses shall not constitute compliance with the covenant to adopt an Annual Budget unless failure to adopt an Annual Budget be for a reason beyond the control of the Issuer. Each such Budget of Current Expenses shall be mailed immediately to the Purchaser.

Section 5.10. Compensation of Members of Governing Body. The Issuer hereby covenants and agrees that no compensation for policy direction shall be paid to the members of the Governing Body in excess of the amount permitted by the Act. Payment of any compensation to any such member for policy direction shall not be made if such payment would cause the Net Revenues to fall below

the amount required to meet all payments provided for herein, nor when there is default in the performance of or compliance with any covenant or provision hereof.

Section 5.11. Covenant to Proceed and Complete. The Issuer hereby covenants to proceed as promptly as possible with the acquisition and construction of the Project to completion thereof in accordance with the plans and specifications prepared by the Consulting Engineer on file with the Secretary on the date of adoption hereof, subject to permitted changes.

Section 5.12. Books and Records; Audits. The Issuer will keep books and records of the System, which shall be separate and apart from all other books, records and accounts of the Issuer, in which complete and correct entries shall be made of all transactions relating to the System, and the Purchaser shall have the right at all reasonable times to inspect the System and all records, accounts and data of the Issuer relating thereto.

The Issuer shall, at least once a year, cause said books, records and accounts of the System to be properly audited by an independent competent firm of certified public accountants and shall mail a copy of such audit report to the Purchaser. The Issuer shall further comply with the Act with respect to such books, records and accounts.

Section 5.13. Maintenance of System. The Issuer covenants that it will continuously operate, in an economical and efficient manner, and maintain the System as a revenue-producing utility as herein provided so long as the Series 2000 Bonds are outstanding.

Section 5.14. No Competition. To the extent legally allowable, the Issuer will not permit competition with the System within its boundaries or within the territory served by it and will not grant or cause, consent to or allow the granting of any franchise, permit or other authorization for any person, firm, corporation, public or private body, agency or instrumentality whatsoever to provide any of the services supplied by the System within the boundaries of the Issuer or within the territory served by the System.

ARTICLE VI

RATES, ETC.

Section 6.01. Initial Schedule of Rates and Charges; Rules. A. The initial schedule of rates and charges for the services and facilities of the System, subject to change consonant with the provisions hereof, shall be as set forth in the Final Order of the Public Service Commission of West Virginia, entered on October 25, 1999, Case No. 99-0361-PWD-CN, which Final Order is incorporated herein by reference as a part hereof.

B. There shall not be any discrimination or differential in rates between customers in similar circumstances.

C. All delinquent fees, rates and charges for services or facilities of the System shall be liens on the premises served of equal degree, rank and priority with the lien on such premises of state, county, school and municipal taxes, as provided in the Act. The Issuer shall have all remedies and powers provided under the Act and other applicable provisions of law with regard to the collection and enforcement of such fees, rates and charges.

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

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

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

ARTICLE VII

MISCELLANEOUS

Section 7.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid, to the Holder of the Series 2000 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 2000 Bonds, 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 Series 2000 Bonds, shall thereupon cease, terminate and become void and be discharged and satisfied.

Section 7.02. Modification or Amendment. The Bond Legislation may not be modified or amended after final passage without the prior written consent of the Purchaser.

Section 7.03. Delivery of Bonds. The Chairman, Secretary and Treasurer of the Governing Body are hereby authorized and directed to cause the Series 2000 Bonds, hereby awarded to the Purchaser pursuant to prior agreement, to be delivered to the Purchaser as soon as the Purchaser will accept such delivery.

Section 7.04. Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions hereof should be held contrary to any express provision of law or contrary to the policy of express law, although not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed severable from the remaining covenants, agreements or provisions hereof, and shall in no way affect the validity of all the other provisions hereof or the Series 2000 Bonds.

Section 7.05. Conflicting Provisions Repealed. The Prior Resolution and all parts thereof not expressly hereby changed shall continue in full force and effect and this Bond Legislation shall be supplemental to the Prior Resolution.

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

Section 7.06. Table of Contents and Headings. The Table of Contents and headings of the articles, sections and subsections hereof are for convenience only and shall neither control nor affect in any way the meaning or construction of any of the provisions hereof.

Section 7.07. Covenant of Due Procedure, Etc. The Issuer covenants that all acts, conditions, things and procedures required to exist, to happen, to be performed or to be taken

precedent to and in the adoption of this Resolution do exist, have happened, have been performed and have been taken in regular and due time, form and manner as required by and in full compliance with the laws and Constitution of the State of West Virginia applicable thereto; and that the Chairman, Secretary and members of the Governing Body were at all times when any actions in connection with this Resolution occurred and are duly in office and duly qualified for such office.

Section 7.08. Effective Time. This Resolution shall take effect immediately upon its adoption.

Adopted this 23rd day of February, 2000.

GILMER COUNTY PUBLIC SERVICE DISTRICT

_____
Chairman

_____
Member

_____
Member

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GILMER COUNTY PUBLIC SERVICE DISTRICT on the 23rd day of February, 2000.

Dated: February 25, 2000.

[SEAL]

_____
Secretary

03/29/00
329470/98001

CH542514.2

SPECIMEN

GILMER COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2000
(UNITED STATES DEPARTMENT OF AGRICULTURE)

$200,000

No. R-1 Date: February 25, 2000

FOR VALUE RECEIVED, GILMER COUNTY 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 TWO HUNDRED THOUSAND DOLLARS ($200,000), plus interest on the unpaid principal balance at the rate of 4.5% per annum. The said principal and interest shall be paid in the following installments on the following dates: Monthly installments of interest only, commencing 30 days following delivery of the Bond and continuing on the corresponding day of each month for the first 24 months after the date hereof, and $918, covering principal and interest, thereafter on said corresponding day of each month, except that the final installment shall be paid at the end of 40 years from the date of this Bond, in the sum of the unpaid principal and interest due on the date thereof, and except that prepayments may be made as provided hereinbelow. The consideration herefor shall support any agreement modifying the foregoing schedule of payments.

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

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

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

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

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

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

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

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

Registration of this Bond is transferable by the registered owner hereof in person or by his, her or its attorney duly authorized in writing, at the office of the Borrower, as Bond Registrar, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the herein defined Resolution and upon surrender and cancellation of this Bond. Upon such transfer a new Bond or Bonds, of authorized

denomination or denominations, for the like principal amount, will be issued to the transferee in exchange herefor.

This Bond, under the provisions of the Act, is and has all the qualities and incidents of a negotiable instrument under the Uniform Commercial Code of the State of West Virginia, but may only be transferred by transfer of registration hereof with the Bond Registrar.

This Bond has been issued under and in full compliance with the Constitution and statutes of the State of West Virginia, including, among others, Chapter 16, Article 13A of the West Virginia Code, as amended (the "Act"), and a Resolution of the Borrower duly adopted February 23, 2000, 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 Government and to its future regulations not inconsistent with the express provisions hereof.

THIS BOND IS ISSUED ON A PARITY, AS TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, WITH THE BORROWER'S WATER REVENUE BOND, SERIES 1994, AS DESCRIBED IN THE RESOLUTION.

IN WITNESS WHEREOF, GILMER COUNTY 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.

GILMER COUNTY PUBLIC SERVICE DISTRICT

[CORPORATE SEAL]

SPECIMEN

Chairman, Public Service Board
232 West Main Street
Glenville, West Virginia 26531

ATTEST:

SPECIMEN

Secretary, Public Service Board

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$92,315.68	2/25/00	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

(Form of Assignment)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

GILMER COUNTY PUBLIC SERVICE DISTRICT

WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA DWTRF PROGRAM)

BOND RESOLUTION

Table of Contents

Subject Page

ARTICLE I
STATUTORY AUTHORITY, FINDINGS AND DEFINITIONS

Section 1.01 Authority for this Resolution 2
Section 1.02 Findings 2
Section 1.03 Bond Legislation Constitutes Contract 4
Section 1.04 Definitions 4

ARTICLE II
AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01 Authorization of Acquisition and Construction 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	16
Section 3.08	Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds	17
Section 3.09	Delivery of Bonds	17
Section 3.10	Form of Bonds	17
	FORM OF SERIES 2005 A BOND	18
	FORM OF SERIES 2005 B BOND	27
Section 3.11	Sale of Bonds; Approval and Ratification of Execution of Loan Agreement	36
Section 3.12	Filing of Amended Schedule	36

ARTICLE IV
[RESERVED] 37

ARTICLE V
FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

Section 5.01	Establishment of Funds and Accounts with Depository Bank	38
Section 5.02	Establishment of Funds and Accounts with Commission	38
Section 5.03	System Revenues; Flow of Funds	38

ARTICLE VI
BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01	Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds	44
Section 6.02	Disbursements From the Bond Construction Trust Funds	45

ARTICLE VII
ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01	General Covenants of the Issuer	47
Section 7.02	Bonds not to be Indebtedness of the Issuer	47
Section 7.03	Bonds Secured by Pledge of Net Revenues; Lien Positio7 with respect to Prior Bonds	47
Section 7.04	Initial Schedule of Rates and Charges	47
Section 7.05	Sale of the System	48

Section 7.06	Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances	49
Section 7.07	Parity Bonds	50
Section 7.08	Books; Records and Audit	52
Section 7.09	Rates	54
Section 7.10	Operating Budget and Monthly Financial Report	55
Section 7.11	Engineering Services and Operating Personnel	55
Section 7.12	No Competing Franchise	56
Section 7.13	Enforcement of Collections	56
Section 7.14	No Free Services	57
Section 7.15	Insurance and Construction Bonds	57
Section 7.16	Connections	59
Section 7.17	Completion, Operation and Maintenance of Project; Permits and Orders	59
Section 7.18	Tax Covenants	59
Section 7.19	Statutory Mortgage Lien	60
Section 7.20	Compliance with Loan Agreement and Law	60
Section 7.21	Securities Laws Compliance	61
Section 7.22	Contracts; Public Releases	61

ARTICLE VIII
INVESTMENT OF FUNDS

Section 8.01	Investments	62
Section 8.02	Certificate as to Use of Proceeds; Covenants as to Use of Proceeds	62

ARTICLE IX
DEFAULT AND REMEDIES

Section 9.01	Events of Default	64
Section 9.02	Remedies	64
Section 9.03	Appointment of Receiver	65

ARTICLE X
PAYMENT OF BONDS

Section 10.01	Payment of Bonds	67

ARTICLE XI
MISCELLANEOUS

Section 11.01	Amendment or Modification of Bond Legislation	68
Section 11.02	Bond Legislation Constitutes Contract	68
Section 11.03	Severability of Invalid Provisions	68
Section 11.04	Headings, Etc.	68
Section 11.05	Notices	69
Section 11.06	Conflicting Provisions Repealed; Prior Resolutions	69
Section 11.07	Covenant of Due Procedure, Etc.	70
Section 11.08	Public Notice of Proposed Financing	70
Section 11.09.	Effective Date	71
	SIGNATURES	71
	CERTIFICATION	72
	EXHIBIT A	73

GILMER COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF GILMER COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,470,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), AND NOT MORE THAN $1,639,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

BE IT RESOLVED BY THE PUBLIC SERVICE BOARD OF GILMER 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 16, Article 13C, 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. Gilmer 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 Gilmer County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of 25 miles of water main, two 50,000 gallon storage tanks, a pump station, three pressure-reducing stations and all necessary valves, hydrants and appurtenances to serve approximately 167 new customers in the Stumptown area of Gilmer County (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $3,109,000 in two series (collectively, the "Series 2005 Bonds"), being the Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), in the aggregate principal amount of not more than $1,470,000 (the "Series 2005 A Bonds"), and the Water Revenue Bonds, Series 2005 B(West Virginia DWTRF Program), in the aggregate principal amount of not more than $1,639,000 (the "Series 2005 B Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any,

upon the Series 2005 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 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 Administrative Fee (as hereinafter defined) for the Series 2005 B Bonds, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2005 Bonds and such other expenses as may be necessary or incidental to the financing herein authorized, the 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 2005 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 2005 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, on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council"), and its Series 2005 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 Bureau for Public Health (the "BPH"), both loan agreements in form satisfactory to the respective parties (collectively, the "Loan Agreement"), approved hereby if not previously approved by resolution of the Issuer.

G. There are outstanding bonds or obligations of the Issuer which will rank on a parity with the Series 2005 A Bonds and the Series 2005 B Bonds as to liens, pledge and source of and security for payment, being the Issuer's Water Revenue Bonds, Series 1994, dated August 18, 1994, issued in the original aggregate principal amount of $550,000 and held by the United States Department of Agriculture, Rural Utilities Service (the "Series 1994 Bonds"), and Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000 (the "Series 2000 Bonds"). The Series 1994 Bonds and the Series 2000 Bonds are hereinafter collectively called the "Prior Bonds."

Prior to the issuance of the Series 2005 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2005 Bonds on a parity with the Prior Bonds. Other than

the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest, if any, on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Resolutions, all as such terms are hereinafter defined.

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 2005 A Bonds and the Series 2005 B Bonds, or will have so complied prior to issuance of any thereof, including, among other things and without limitation, the approval of the Project and the financing thereof by the Council and the obtaining of a certificate of public convenience and necessity and approval of this financing and necessary user rates and charges described herein from the Public Service Commission of West Virginia by final order, the time for rehearing and appeal of which will either have expired prior to the issuance of the Series 2005 A Bonds and the Series 2005 B Bonds or such final order will not be subject to appeal or rehearing.

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

Section 1.03. Bond Legislation Constitutes Contract. In consideration of the acceptance of the Series 2005 A Bonds and the Series 2005 B Bonds by those who shall be the Registered Owners of the same from time to time, this Bond Legislation shall be deemed to be and shall constitute a contract between the Issuer and such Registered Owners, and the covenants and agreements herein set forth to be performed by the Issuer shall be for the equal benefit, protection and security of the Registered Owners of any and all of such Series 2005 A Bonds and the Series 2005 B Bonds, all which shall be of equal rank and without preference, priority or distinction between any one Bond of a series and any other Bonds of the same series, by reason of priority of issuance or otherwise, except as expressly provided therein and herein.

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

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

"Administrative Fee" means the Administrative Fee required to be paid pursuant to the Loan Agreement for the Series 2005 B Bonds.

"Authority" means the West Virginia Water Development Authority, which is expected to be the original purchaser and Registered Owner of the Series 2005 A Bonds and the Series 2005 B Bonds, or any other agency, board or department of the State of West Virginia that succeeds to the functions of the Authority, acting in its administrative capacity and upon authorization from the BPH 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 2005 A Bonds, the Series 2005 B 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.

"BPH" means the West Virginia Bureau for Public Health, a division of the West Virginia Department of Health and Human Resources, or any successor thereto.

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

"Closing Date" means the date upon which there is an exchange of the Series 2005 A Bonds and the Series 2005 B Bonds for all or a portion of the proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds, respectively, 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.

"DWTRF Regulations" means the DWTRF regulations set forth in the West Virginia Code of State Regulations, as amended from time to time.

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

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

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

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

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

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

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

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

"Loan Agreement" means, collectively, the respective 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 2005 A Bonds from the Issuer by the Authority, and by and between the Issuer and the Authority, on behalf of the BPH, providing for the purchase of the Series 2005 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 2005 A Bonds and the Series 2005 B Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account, respectively. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts resulting from the investment of proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds, respectively, 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 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 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 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 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Series 1994 Bonds and Series 2000 Bonds, as more fully defined in Section 1.02(G).

"Prior Resolutions" means, collectively, the resolutions and supplemental resolutions of the Issuer authorizing the issuance of the Prior Bonds.

"Private Business Use" means use (directly or indirectly) in any 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.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts established for the Series 2005 A Bonds, the Series 2005 B Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds, the Series 2005 A Bonds and the Series 2005 B Bonds.

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

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

"Series 2005 A Bonds" means the Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) of the Issuer, authorized by this Resolution.

"Series 2005 A Bonds Construction Trust Fund" means the Series 2005 A Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 A Bonds Reserve Account" means the Series 2005 A Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 A Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 A Bonds in the then current or any succeeding year.

"Series 2005 A Bonds Sinking Fund" means the Series 2005 A Bonds Sinking Fund established by Section 5.02 hereof.

"Series 2005 B Bonds" means the Water Revenue Bonds, Series 2005 B(West Virginia DWTRF Program) of the Issuer, authorized by this Resolution.

"Series 2005 B Bonds Construction Trust Fund" means the Series 2005 B Bonds Construction Trust Fund established by Section 5.01 hereof.

"Series 2005 B Bonds Reserve Account" means the Series 2005 B Bonds Reserve Account established by Section 5.02 hereof.

"Series 2005 B Bonds Reserve Requirement" means, as of any date of calculation, the maximum amount of principal and interest which will become due on the Series 2005 B Bonds in the then current or any succeeding year.

"Series 2005 B Bonds Sinking Fund" means the Series 2005 B Bonds Sinking Fund established by Section 5.02 hereof.

"Sinking Funds" means, collectively, the respective Sinking Funds established for the Series 2005 A Bonds, the Series 2005 B Bonds and the Prior Bonds.

"State" means the State of West Virginia.

"Supplemental Resolution" means any resolution or order of the Issuer supplementing or amending this Resolution and, when preceded by the article "the," refers specifically to the supplemental resolution or resolutions authorizing the sale of the Series 2005 A Bonds and the Series 2005 B Bonds; provided, that any matter intended by this Resolution to be included in the Supplemental Resolution with respect to the Series 2005 A Bonds and the Series 2005 B Bonds, and not so included, may be included in another Supplemental Resolution.

"Surplus Revenues" means the Net Revenues not required by the Bond Legislation to be set aside and held for the payment of or security for the Series 2005 A Bonds, the Series 2005 B Bonds, the Prior Bonds or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete public waterworks system of the Issuer, as extended and improved by the Project, including the existing waterworks facilities owned by the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks 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 DWTRF Program" means the West Virginia Drinking Water Treatment Revolving Fund program established by the State, administered by the BPH and funded by capitalization grants awarded to the State pursuant to the federal Safe Drinking Water Act, as amended, for the purpose of establishing and maintaining a permanent perpetual fund for the acquisition, construction and improvement of drinking water projects.

"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; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $3,109,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds 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 BPH and the Council.

The cost of the Project is estimated not to exceed $3,109,000, of which approximately $1,470,000 will be obtained from proceeds of the Series 2005 A Bonds and approximately $1,639,000 will be obtained from proceeds of the Series 2005 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 2005 A Bonds and the Series 2005 B Bonds, funding a reserve account for the Series 2005 A Bonds and the Series 2005 B Bonds, paying Costs of the Project not otherwise provided for and paying certain costs of issuance of the Series 2005 A Bonds and the Series 2005 B Bonds and related costs, or any or all of such purposes, as determined by the Supplemental Resolution, there shall be and hereby are authorized to be issued the Series 2005 A Bonds and the Series 2005 B Bonds of the Issuer. The Series 2005 Bonds shall be issued in two series, each as a single bond, designated respectively as "Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,470,000, and "Water Revenue Bonds, Series 2005 B(West Virginia DWTRF Program)," in the principal amount of not more than $1,639,000, and both shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds remaining after capitalizing interest, if any, on the Series 2005 A Bonds and the Series 2005 B Bonds, and funding the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account 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 2005 A Bonds and the Series 2005 B Bonds shall be issued in such principal amounts; shall bear interest, if any, at such rate or rates, not exceeding the then legal maximum rate, payable quarterly on such dates; shall mature on such dates and in such amounts; and shall be redeemable, in whole or in part, all as the Issuer shall prescribe in a Supplemental Resolution or as specifically provided in the Loan Agreement. The Series 2005 A Bonds and the Series 2005 B Bonds shall be payable as to principal at the office of the Paying Agent, in any coin or currency which, on the dates of payment of principal is legal tender for the payment of public or private debts under the laws of the United States of America. Interest, if any, on the Series 2005 A Bonds and the Series 2005 B 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 Series 2005 A Bonds and the Series 2005 B Bonds shall be issued in the form of a single bond for each series, fully registered to the Authority, with a record of advances and a debt service schedule attached, representing the aggregate principal amount of the Series 2005 A Bonds and the Series 2005 B Bonds. The Series 2005 A Bonds and the Series 2005 B Bonds shall be exchangeable at the option and expense of the Registered Owner for another fully registered

Bond or Bonds of the same series in aggregate principal amount equal to the amount of said Bonds then Outstanding and being exchanged, with principal installments or maturities, as applicable, corresponding to the dates of payment of principal installments of said Bonds; provided, that the Authority shall not be obligated to pay any expenses of such exchange.

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

Section 3.03. Execution of Bonds. The Series 2005 A Bonds and the Series 2005 B Bonds shall be executed in the name of the Issuer by the Chairman, and the seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the Secretary. In case any one or more of the officers who shall have signed or sealed the Series 2005 A Bonds and the Series 2005 B Bonds shall cease to be such officer of the Issuer before the Series 2005 A Bonds and the Series 2005 B Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any such Bonds may be signed and sealed on behalf of the Issuer by such person as at the actual time of the execution of such Bonds shall hold the proper office in the Issuer, although at the date of such Bonds such person may not have held such office or may not have been so authorized.

Section 3.04. Authentication and Registration. No Series 2005 A Bond nor Series 2005 B Bond shall be valid or obligatory for any purpose or entitled to any security or benefit under this Bond Legislation unless and until the Certificate of Authentication and Registration on such Bond, substantially in the form set forth in Section 3.10 hereof shall have been manually executed by the Bond Registrar. Any such executed Certificate of Authentication and Registration upon any such Bond shall be conclusive evidence that such Bond has been authenticated, registered and delivered under this Bond Legislation. The Certificate of Authentication and Registration on any Series 2005 A Bond and the Series 2005 B Bond shall be deemed to have been executed by the Bond Registrar if manually signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the Certificate of Authentication and Registration on all of the Series 2005 A Bonds and the Series 2005 B Bonds issued hereunder.

Section 3.05. Negotiability, Transfer and Registration. Subject to the provisions for transfer of registration set forth below, the Series 2005 A Bonds and the Series 2005 B Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder, in accepting the Series 2005 A Bonds and the Series 2005 B Bonds shall be conclusively deemed to have agreed that such Bonds shall be and have all of the qualities and incidents of negotiable instruments under the Uniform Commercial Code of the State of West Virginia, and each successive Holder shall further be conclusively deemed to have agreed that such Bonds shall be incontestable in the hands of a bona fide holder for value.

So long as the Series 2005 A Bonds and the Series 2005 B Bonds remain outstanding, the Issuer, through the Bond Registrar as its agent, shall keep and maintain books for the registration and transfer of the Series 2005 A Bonds and the Series 2005 B Bonds.

The registered Series 2005 A Bonds and the Series 2005 B Bonds shall be transferable only upon the books of the Bond Registrar, by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereto together with a written instrument of transfer satisfactory to the Bond Registrar duly executed by the registered owner or his duly authorized attorney.

In all cases in which the privilege of exchanging the Series 2005 A Bonds and the Series 2005 B 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 any Series 2005 A Bond or Series 2005 B Bond shall become mutilated or be destroyed, stolen or lost, the Issuer may, in its discretion, issue, and the Bond Registrar shall, if so advised by the Issuer, authenticate, register and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 2005 A Bonds and the Series 2005 B Bonds shall not, in any event, be or constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provision or limitation, but shall be payable solely from the Net Revenues derived from the operation of the System as herein provided. No holder or holders of the Series 2005 A Bonds and the Series 2005 B Bonds shall ever have the right to compel the exercise of the taxing power of

the Issuer, if any, to pay the Series 2005 A Bonds and the Series 2005 B Bonds or the interest, if any, thereon.

Section 3.08. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2005 A Bonds and the Series 2005 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 the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds, the Series 2005 A Bonds and the Series 2005 B Bonds and to make all other payments provided for in the Bond Legislation, are hereby irrevocably pledged to such payments as they become due.

Section 3.09. Delivery of Bonds. The Issuer shall execute and deliver the Series 2005 A Bonds and the Series 2005 B Bonds to the Bond Registrar, and the Bond Registrar shall authenticate, register and deliver the Series 2005 A Bonds and the Series 2005 B Bonds to the original purchasers upon receipt of the documents set forth below:

(i) If other than the Authority, a list of the names in which the Series 2005 A Bonds and the Series 2005 B Bonds are to be registered upon original issuance, together with such taxpayer identification and other information as the Bond Registrar may reasonably require;

(ii) A request and authorization to the Bond Registrar on behalf of the Issuer, signed by an Authorized Officer, to authenticate and deliver the Series 2005 A Bonds and the Series 2005 B Bonds to the original purchasers;

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

(iv) An executed copy of the Loan Agreement;

(v) The unqualified approving opinion of bond counsel on the Series 2005 A Bonds and the Series 2005 B Bonds.

Section 3.10. Form of Bonds. The text of the Series 2005 A Bonds and the Series 2005 B Bonds shall be in substantially the following form, with such omissions, insertions and variations as may be necessary and desirable and authorized or permitted hereby, or by any Supplemental Resolution adopted prior to the issuance thereof:

(FORM OF SERIES 2005 A BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GILMER COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this day ____ of _____, 2005, GILMER COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Gilmer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated _____, 2005.

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

improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994, DATED AUGUST 18, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 1994 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2000 BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA DWTRF PROGRAM), DATED APRIL 19, 2005, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,639,000 (THE "SERIES 2005 B BONDS"). THE SERIES 1994 BONDS, THE SERIES 2000 BONDS AND THE SERIES 2005 B BONDS ARE HEREINAFTER REFERRED TO AS THE "FIRST LIEN BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien

Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All 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, GILMER 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 date first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

(FORM OF SERIES 2005 B BOND)

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GILMER COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BONDS, SERIES 2005 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this ____ day of _____, 2005, GILMER COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Gilmer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year commencing _____ 1, 200___, as set forth in the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing _____, 1, _____, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), 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 BPH, dated April 19, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing

public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 2005, and a Supplemental Resolution duly adopted by the Issuer on _____, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994, DATED AUGUST 18, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 1994 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2000 BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 19, 2005, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,470,000 (THE "SERIES 2005 A BONDS"). THE SERIES 1994 BONDS, THE SERIES 2000 BONDS AND THE SERIES 2005 A BONDS ARE HEREINAFTER REFERRED TO AS THE "FIRST LIEN BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2005 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and

to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All 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, GILMER 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 date first written above.

[SEAL]

_____
Chairman

ATTEST:

_____
Secretary

(Form of)

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: _____, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

_____
Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

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

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

(Form of)

ASSIGNMENT

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

Dated: _____, _____.

_____

In the presence of:

_____

Section 3.11. Sale of Bonds; Approval and Ratification of Execution of Loan Agreement. The Series 2005 A Bonds and the Series 2005 B Bonds shall be sold to the Authority, pursuant to the terms and conditions of the respective 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, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority, the BPH and the Council the respective amended schedules, the forms of which will be provided by the BPH and the Council, setting forth the actual costs of the Project and sources of funds therefor.

ARTICLE IV

[RESERVED]

ARTICLE V

FUNDS AND ACCOUNTS; SYSTEM REVENUES AND APPLICATION THEREOF

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

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

(2) Renewal and Replacement Fund (established by the Prior Resolutions as the Depreciation Reserve and hereby renamed and continued);

(3) Series 2005 A Bonds Construction Trust Fund; and

(4) Series 2005 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 2005 A Bonds Sinking Fund;

(2) Series 2005 A Bonds Reserve Account;

(3) Series 2005 B Bonds Sinking Fund; and

(4) Series 2005 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 monies 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 Revenue Fund, all current Operating Expenses of the System.

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

(3) The Issuer shall next, each month, (i) on or before the due date, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required by the Prior Resolutions to pay the principal of the Prior Bonds; (ii) on the first day of each month, remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 A Bonds on the next ensuing quarterly principal payment date; and (iii) on the first day of each month, remit to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2005 B Bonds, for deposit in the Series 2005 B Bonds Sinking Fund, an amount equal to 1/3rd of the amount of principal which will mature and become due on the Series 2005 B Bonds on the next ensuing quarterly principal payment date; provided that, in the event the period to elapse between the date of such initial deposit in the Series 2005 A Bonds Sinking Fund and the Series 2005 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 simultaneously remit (i) to the Depository Bank the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Prior Bonds; (ii) to the Commission, commencing 3 months prior to the first date of payment of principal of the Series 2005 A Bonds, if not fully funded upon issuance of the Series 2005 A Bonds, for deposit in the Series 2005 A Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 A Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 A Bonds Reserve Account when there shall have been deposited therein, and as long as there shall remain on deposit therein, an amount equal to the Series 2005 A Bonds Reserve Requirement; and (iii) to the Commission, commencing

3 months prior to the first date of payment of principal of the Series 2005 B Bonds, if not fully funded upon issuance of the Series 2005 B Bonds, for deposit in the Series 2005 B Bonds Reserve Account, an amount equal to 1/120th of the Series 2005 B Bonds Reserve Requirement; provided that, no further payments shall be made into the Series 2005 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 2005 B Bonds Reserve Requirement.

(5) The Issuer shall next, on the first day of each month, transfer from the Revenue Fund to the Renewal and Replacement Fund (i) the amounts required in the Prior Resolutions and (ii) so long as the Series 2005 Bonds are outstanding, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Accounts. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

Monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 B Bonds Sinking Fund shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds and the Series 2005 B Bonds, respectively, as the same shall become due. Monies in the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account shall be used only for the purposes of paying principal of and interest, if any, on the Series 2005 A Bonds and the Series 2005 B Bonds, respectively, as the same shall come due, when other monies in the Series 2005 A Bonds Sinking Fund and the Series 2005 B Bonds Sinking Fund are insufficient therefor, and for no other purpose.

All investment earnings on monies in the Series 2005 A Bonds Sinking Fund, the Series 2005 B Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account and the Series 2005 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 2005 A Bonds and the Series 2005 B Bonds, respectively, and then to the next ensuing principal payment due thereon, all on a pro rata basis.

Any withdrawals from the Series 2005 A Bonds Reserve Account or the Series 2005 B Bonds Reserve Account which result in a reduction in the balance of the Series 2005 A Bonds Reserve Account or the Series 2005 B Bonds Reserve Account to below the Series 2005 A Bonds Reserve Requirement or the Series 2005 B Bonds Reserve Requirement, respectively, shall be subsequently restored from the first Net Revenues available after all required payments have been made in full in the order set forth above.

As and when additional Bonds ranking on a parity with the Series 2005 A Bonds and the Series 2005 B Bonds are issued, provision shall be made for additional payments into the respective sinking funds sufficient to pay the interest on such additional parity Bonds and accomplish retirement thereof at maturity and to accumulate a balance in the respective reserve accounts in an amount equal to the requirement thereof.

The Issuer shall not be required to make any further payments into the Series 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund and the Series 2005 B Bonds Reserve Account when the aggregate amount of funds therein are at least equal to the aggregate principal amount of the Series 2005 A Bonds and the Series 2005 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 Prior Bonds, the Series 2005 A Bonds and the Series 2005 B 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 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund and the Series 2005 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 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund and the Series 2005 B Bonds Reserve Account shall be invested and reinvested by the Commission in accordance with Section 8.01 hereof.

The Series 2005 A Bonds Sinking Fund, the Series 2005 A Bonds Reserve Account, the Series 2005 B Bonds Sinking Fund and the Series 2005 B Bonds Reserve Account shall be used solely and only for, and are hereby pledged for, the purpose of servicing the Series 2005 A Bonds and the Series 2005 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 2005 A Bonds and the Series 2005 B Bonds and all such payments shall be remitted to the Commission with appropriate instructions as to the custody, use and application thereof consistent with the provisions of this Bond Legislation. 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 Administrative Fee as set forth in the Schedule Y attached to the Loan Agreement for the Series 2005 B Bonds.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges 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 relevant provisions of the Prior Resolutions, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2005 A Bonds Construction Trust Fund and the Series 2005 B Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 2005 A Bonds and the Series 2005 B Bonds, the following amounts shall be first deducted and deposited in the order set forth below:

A. From the proceeds of the Series 2005 A Bonds, there shall first be deposited with the Commission in the Series 2005 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 2005 A Bonds for the period commencing on the date of issuance of the Series 2005 A Bonds and ending 6 months after the estimated date of completion of construction of the Project.

B. From the proceeds of the Series 2005 B Bonds, there shall first be deposited with the Commission in the Series 2005 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 2005 B Bonds for the period commencing on the date of issuance of the Series 2005 B Bonds and ending 6 months after the estimated date of completion of construction of the Project.

C. From the proceeds of the Series 2005 A Bonds, there shall next be deposited with the Commission in the Series 2005 A Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2005 A Bonds Reserve Account.

D. From the proceeds of the Series 2005 B Bonds, there shall next be deposited with the Commission in the Series 2005 B Bonds Reserve Account, the amount, if any, set forth in the Supplemental Resolution for funding the Series 2005 B Bonds Reserve Account.

E. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 A Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 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 2005 A Bonds.

F. As the Issuer receives advances of the remaining monies derived from the sale of the Series 2005 B Bonds, such monies shall be deposited with the Depository Bank in the Series 2005 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 2005 B Bonds.

G. After completion of construction of the Project, as certified by the Consulting Engineers, and all costs have been paid, any remaining proceeds of the Series 2005 A Bonds shall be applied as directed by the Council and any remaining proceeds of the Series 2005 B Bonds shall be applied as directed by the BPH.

Section 6.02. Disbursements From the Bond Construction Trust Funds. A. 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 2005 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 and the Consulting Engineers, as appropriate, 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 2005 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.

B. On or before the Closing Date, the Issuer shall have delivered to the Authority and the BPH a report listing the specific purposes for which the proceeds of the Series 2005 B Bonds will be expended and the disbursement procedures for such proceeds, including an estimated monthly draw schedule. Payments for the costs of the Project shall be made monthly.

Except as provided in Section 6.01 hereof, disbursements from the Series 2005 B Bonds Construction Trust Fund shall be made only after submission to and approval from the BPH, of the following:

(1) a completed and signed "Payment Requisition Form," a form of which is attached to the Loan Agreement as Exhibit B, in compliance with the Issuer's construction schedule, and

(2) a certificate, signed by an Authorized Officer and the Consulting Engineers, as appropriate 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 respective Bonds Construction Trust Funds shall be invested and reinvested in Qualified Investments at the written direction of the Issuer.

ARTICLE VII

ADDITIONAL COVENANTS OF THE ISSUER

Section 7.01. General Covenants of the Issuer. All the covenants, agreements and provisions of this Bond Legislation shall be and constitute valid and legally binding covenants of the Issuer and shall be enforceable in any court of competent jurisdiction by any Holder or Holders of the Series 2005 A Bonds and the Series 2005 B Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 2005 A Bonds and the Series 2005 B Bonds as hereinafter provided in this Article VII. All such covenants, agreements and provisions shall be irrevocable, except as provided herein, as long as any of the Series 2005 A Bonds and the Series 2005 B Bonds or the interest, if any, thereon is Outstanding and unpaid.

Section 7.02. Bonds not to be Indebtedness of the Issuer. The Series 2005 A Bonds and the Series 2005 B 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 any Series 2005 A Bonds or the Series 2005 B Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2005 A Bonds or the Series 2005 B Bonds or the interest, if any, thereon.

Section 7.03. Bonds Secured by Pledge of Net Revenues; Lien Position with Respect to Prior Bonds. The payment of the debt service of the Series 2005 A Bonds and the Series 2005 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 the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2005 A Bonds and the Series 2005 B Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal. Such rates and charges shall be sufficient to comply with the requirements of the 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 Order of the Public Service Commission of West Virginia entered December 6, 2004, in Case No. 04-0346-PWD-CN.

So long as the Series 2005 A Bonds and the Series 2005 B Bonds are outstanding, the Issuer covenants and agrees to fix and collect rates, fees and other charges for the use of the System and to take all such actions necessary to provide funds sufficient to produce the required sums set forth in the Bond Legislation and in compliance with the Loan Agreement. In the event the schedule of rates, fees and charges initially established for the System in connection with the Series 2005 A Bonds and the Series 2005 B 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 Resolutions. Additionally, so long as the Series 2005 A Bonds and the Series 2005 B Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority, the BPH 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 2005 A Bonds and the Series 2005 B Bonds, immediately be remitted to the Commission for deposit in the respective Sinking Funds, and, with the written permission of the Authority, the BPH, 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 2005 A Bonds and the Series 2005 B Bonds. Any balance remaining after the payment of the Series 2005 A Bonds and the Series 2005 B Bonds and interest, if any, thereon shall be remitted to the Issuer by the Commission unless necessary for the payment of other obligations of the Issuer payable out of the revenues of the System.

The foregoing provision notwithstanding, the Issuer shall have and hereby reserves the right to sell, lease or otherwise dispose of any of the property comprising a part of the System hereinafter determined in the manner provided herein to be no longer necessary, useful or profitable in the operation thereof. Prior to any such sale, lease or other disposition of such property, if the amount to be received therefor, together with all other amounts received during the same Fiscal Year for such sales, leases or other dispositions of such properties, is not in excess of $10,000, the Issuer shall, by resolution duly adopted, determine that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then provide for the sale of such property. The proceeds of any such sale shall be deposited in the Renewal and Replacement Fund. If the amount to be received from such sale, lease or other disposition of said property, together with all other amounts received during the same Fiscal Year for such sales, leases or other

dispositions of such properties, shall be in excess of $10,000, but not in excess of $50,000, the Issuer shall first, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided in this Section 7.06 and Section 7.07 hereof, the Issuer shall not issue any obligations whatsoever payable from the revenues of the System which rank prior to, or equally, as to lien on and source of and security for payment from such revenues with the Series 2005 A Bonds and the Series 2005 B Bonds. All obligations issued by the Issuer after the issuance of the Series 2005 A Bonds and the Series 2005 B Bonds and payable from the revenues of the System, except such additional parity Bonds, shall contain an express statement that such obligations are junior and subordinate, as to lien on, pledge and source of and security for payment from such revenues and in all other respects, to the Series 2005 A Bonds and the Series 2005 B Bonds; provided, that no such subordinate obligations shall be issued unless all payments required to be made into all funds and accounts set forth herein have been made and are current at the time of the issuance of such subordinate obligations.

Except as provided above, the Issuer shall not create, or cause or permit to be created, any debt, lien, pledge, assignment, encumbrance or any other charge having priority over or being on a parity with the lien of the Series 2005 A Bonds and the Series 2005 B Bonds, and the interest thereon, if any, upon any or all of the income and revenues of the System pledged for payment of the Series 2005 A Bonds and the Series 2005 B Bonds and the interest thereon, if any, in this Bond Legislation, or upon the System or any part thereof.

The Issuer shall give the Authority, the BPH 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 Resolutions shall be applicable. In addition, no Parity Bonds, payable out of the revenues of the System, shall be issued after the issuance of the Series 2005 A Bonds and the Series 2005 B Bonds pursuant to this Bond Legislation, except with the prior written consent of the Authority, the BPH and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 2005 A Bonds and the Series 2005 B Bonds.

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

So long as the Prior 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 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Prior Bonds, representing 75% of the then-outstanding principal indebtedness.

In the event the foregoing limitation is waived or when the Prior Bonds are no longer outstanding the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent

Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on revenues of the System is subject to the prior and superior liens of the Series 2005 A Bonds and the Series 2005 B Bonds on such revenues. The Issuer shall not issue any obligations whatsoever payable from revenues of the System, or any part thereof, which rank prior to or, except in the manner and under the conditions provided in this section, equally, as to lien on and source of and security for payment from such revenues, with the Series 2005 A Bonds and the Series 2005 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.

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, the BPH 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, the BPH 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, the BPH 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 and commencement of operation of the Project, or, if the Project is an improvement to an existing system, at any reasonable time following commencement of construction.

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

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

Body. The Governing Body shall prescribe and institute the manner by which subsidiary records of the accounting system which may be installed remote from the direct supervision of the Governing Body shall be reported to such agent of the Issuer as the Governing Body shall direct.

The Issuer shall file with the Council, the BPH, the Authority, or any other original purchaser of the Series 2005 A Bonds and the Series 2005 B Bonds, and shall mail in each year to any Holder or Holders of the Series 2005 A Bonds and the Series 2005 B Bonds and the Consulting Engineer, requesting the same, an annual report containing the following:

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

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

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

The Issuer shall also, at least once a year, cause the books, records and accounts of the System to be audited by Independent Certified Public Accountants in compliance with the applicable OMB Circular, or any successor thereto, and the Single Audit Act, or any successor thereto, to the extent legally required, and shall mail upon request, and make available generally, the report of the Independent Certified Public Accountants, or a summary thereof, to any Holder or Holders of the Series 2005 A Bonds and the Series 2005 B Bonds, and shall submit said report to the BPH, the Council and the Authority, or any other original purchaser of the Series 2005 A Bonds and the Series 2005 B Bonds. Such audit report submitted to the Authority, the Council and the BPH shall include a statement that notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Authority, the Council and the BPH, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the Authority, the Council and the BPH, 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 Purchaser, the Authority, the Council and the BPH with respect to the System pursuant to the Act.

The Issuer shall provide the BPH with all appropriate documentation to comply with any special conditions established by federal and/or state regulations as set forth in Exhibit D of the Loan Agreement for the Series 2005 B Bonds or as promulgated from time to time.

Section 7.09. Rates. Prior to the issuance of the Series 2005 A Bonds and the Series 2005 B Bonds, equitable rates or charges for the use of and service rendered by the System shall be established all in the manner and form required by law, and copies of such rates and charges so established will be continuously on file with the Secretary, which copies will be open to inspection by all interested parties. The schedule of rates and charges shall at all times be adequate to produce Gross Revenues from the System sufficient to pay Operating Expenses and to make the prescribed payments into the funds created hereunder. Such schedule of rates and charges shall be changed and readjusted whenever necessary so that the aggregate of the rates and charges will be sufficient for such purposes. In order to assure full and continuous performance of this covenant, with a margin for contingencies and temporary unanticipated reduction in income and revenues, the Issuer hereby covenants and agrees that the schedule of rates or charges from time to time in effect shall be sufficient, together with other revenues of the System (i) to provide for all Operating Expenses of the System and (ii) to leave a balance each year equal to at least 115% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and the Series 2005 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds and the Series 2005 B Bonds, including the Prior Bonds; provided that, in the event amounts equal to or in excess of the reserve requirements are on deposit respectively in the Series 2005 A Bonds Reserve Account and the Series 2005 B Bonds Reserve Account and any reserve accounts for obligations on a parity with the Series 2005 A Bonds and the Series 2005 B Bonds, including the Prior Bonds, are funded at least at the requirement therefor, such balance each year need only equal at least 110% of the maximum amount required in any year for payment of principal of and interest, if any, on the Series 2005 A Bonds and the Series 2005 B Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Series 2005 A Bonds and the Series 2005 B Bonds, including the Prior Bonds. In any event, the Issuer shall not reduce the rates or charges for services described in Section 7.04.

Section 7.10. Operating Budget and Monthly Financial Report. The Issuer shall annually, at least 45 days preceding the beginning of each Fiscal Year, prepare and adopt by resolution a detailed, balanced budget of the estimated revenues and expenditures for operation and maintenance of the System during the succeeding Fiscal Year and shall submit a copy of such budget to the Authority, the BPH 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, the BPH 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, the BPH and the Council and to any Holder of any Bonds, or anyone acting for and in behalf of such Holder of any Bonds.

Commencing on the date contracts are executed for the acquisition and construction of the Project and for two years following the completion of the Project, the Issuer shall each month complete a "Monthly Financial Report," a form of which is attached to the respective Loan Agreements, and forward a copy of such report to the Authority, the BPH 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, the BPH and the Council, the Project is adequate for the purposes for which it was designed, the funding plan as submitted to the Authority, the BPH 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, the Council, and the BPH, 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, the BPH, 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 DWTRF Regulations, to the Issuer within 60 days of the completion of the Project. The Issuer shall notify the BPH in writing of such receipt.

The Issuer shall require the Consulting Engineers to submit the final Operation and Maintenance Manual, as defined in the DWTRF Regulations, to the Issuer 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 BPH 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 to all users of the services of the System delinquent in payment of charges for the services of the System and will not restore such services until all delinquent charges for the services of the System, plus

reasonable interest and penalty charges for the restoration of service, have been fully paid and shall take all further actions to enforce collections to the maximum extent permitted by law.

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2005 A Bonds and the Series 2005 B 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, the BPH and the Council and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Section 7.17. Completion, 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 2005 A Bonds and the Series 2005 B Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2005 A Bonds and the Series 2005 B Bonds required by State law, with all requisite appeal periods having expired without successful appeal.

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

A. PRIVATE BUSINESS USE LIMITATION. The Issuer shall assure that (i) not in excess of 10% of the Net Proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds are used for Private Business Use if, in addition, the payment of more than 10% of the principal or 10% of the interest due on the Series 2005 A Bonds and the Series 2005 B Bonds during the term thereof is, under the terms of the Series 2005 A Bonds and the Series 2005 B Bonds or any underlying arrangement, directly or indirectly, secured by any interest in property used or to be used for a Private Business Use or in payments in respect of property used or to be used for a Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for a Private Business Use; and (ii) and that, in the event that both (A) in excess of 5% of the Net Proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds are used for a Private Business Use, and (B) an amount in excess of 5% of the principal or 5% of the interest due on the Series 2005 A Bonds and the Series 2005 B Bonds during the term thereof is, under the terms of the Series 2005 A Bonds and the Series 2005 B 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 or property used or to be used for said Private Business Use or is to be derived from payments, whether or not to the Issuer, in respect of property or borrowed money used or to be used for said Private Business Use, then said excess over said 5% of Net Proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds used for a Private Business Use shall be used for a Private Business Use related to the

governmental use of the Project, or if the Series 2005 A Bonds and the Series 2005 B 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, all of the foregoing to be determined in accordance with the Code.

B. PRIVATE LOAN LIMITATION. The Issuer shall assure that not in excess of the lesser of 5% or $5,000,000 of the Net Proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds are used, directly or indirectly, to make or finance a loan (other than loans constituting Nonpurpose Investments) to persons other than state or local government units.

C. FEDERAL GUARANTEE PROHIBITION. The Issuer shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Series 2005 A Bonds or the Series 2005 B Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

D. INFORMATION RETURN. If required, the Issuer shall file all statements, instruments and returns necessary to assure the tax-exempt status of the Series 2005 A Bonds and the Series 2005 B Bonds, and the interest, if any, thereon, including, without limitation, the information return required under Section 149(e), if any, of the Code.

E. FURTHER ACTIONS. The Issuer shall take any and all actions that may be required of it (including, without limitation, those deemed necessary by the Authority) so that the interest, if any, on the Series 2005 A Bonds and the Series 2005 B Bonds will be and remain excludable from gross income for federal income tax purposes, and shall not take any actions or fail to take any actions (including, without limitation, those deemed necessary by the Authority), the result of which would adversely affect such exclusion.

Section 7.19. Statutory Mortgage Lien. For the further protection of the Holders of the Series 2005 A Bonds and the Series 2005 B Bonds, a statutory mortgage lien upon the System is granted and created by the Act, which statutory mortgage lien is hereby recognized and declared to be valid and binding, shall take effect immediately upon delivery of the Series 2005 A Bonds and the Series 2005 B Bonds, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior 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 BPH and the Council with copies of all documents submitted to the Authority.

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

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

Section 7.22. Contracts; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 2005 A Bonds and the Series 2005 B Bonds or immediately thereafter, enter into written contracts for the immediate acquisition or construction of the Project.

B. The Issuer shall submit all proposed change orders to the Council and the BPH for written approval. The Issuer shall obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds held in "contingency" as set forth in the respective schedules attached to the certificate of the Consulting Engineer. The Issuer shall also obtain the written approval of the Council and the BPH before expending any proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds made available due to bid or construction or project underruns.

C. The Issuer shall list the funding provided by the Authority, the Council and the BPH 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, 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 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 2005 A Bonds and the Series 2005 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2005 A Bonds and the Series 2005 B Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2005 Bonds as a condition to issuance of the Series 2005 Bonds.

In addition, the Issuer covenants (i) to comply with the Code and all Regulations from time to time in effect and applicable to the Series 2005 Bonds as may be necessary in order to maintain the status of the Series 2005 Bonds as governmental bonds; (ii) that it shall not take, or permit or suffer to be taken, any action with respect to the Issuer's use of the proceeds of the Series 2005 Bonds which would cause any bonds, the interest on which is exempt from federal income taxation under Section 103(a) of the Code, issued by the Authority, the Council or the BPH, as the case may be, from which the proceeds of the Series 2005 Bonds are derived, to lose their status as tax-exempt bonds; and (iii) to take such action, or refrain from taking such action, as shall be deemed necessary by the Issuer, or requested by the Authority, or the Council, to ensure compliance with the covenants and agreements set forth in this Section, regardless of whether such actions may be contrary to any of the provisions of this Resolution.

The Issuer shall annually furnish to the Authority, information with respect to the Issuer's use of the proceeds of the Series 2005 Bonds and any additional information requested by the Authority.

ARTICLE IX

DEFAULT AND REMEDIES

Section 9.01. Events of Default. Each of the following events shall constitute an "Event of Default" with respect to the Series 2005 A Bonds and the Series 2005 B Bonds:

(1) If default occurs in the due and punctual payment of the principal of or interest, if any, on any series of the Series 2005 A Bonds and the Series 2005 B Bonds; or

(2) If default occurs in the Issuer's observance of any of the covenants, agreements or conditions on its part relating to the Series 2005 A Bonds and the Series 2005 B Bonds set forth in this Bond Legislation, any supplemental resolution or in the Series 2005 A Bonds and the Series 2005 B Bonds, and such default shall have continued for a period of 30 days after the Issuer shall have been given written notice of such default by the Commission, the Depository Bank, the Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2005 A Bonds and the Series 2005 B Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2005 A Bonds and the Series 2005 B Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2005 A Bonds and the Series 2005 B Bonds,

or the rights of such Registered Owners; provided that, all rights and remedies of the Holders of the Series 2005 A Bonds and the Series 2005 B Bonds shall be on a parity with each other and with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2005 A Bonds and the Series 2005 B Bonds 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 the Series 2005 A Bonds and the Series 2005 B Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2005 A Bonds and the Series 2005 B Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2005 A Bonds and the Series 2005 B Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

Such receiver, in the performance of the powers hereinabove conferred upon him or her or it, shall be under the direction and supervision of the court making such appointment, shall at all times be subject to the orders and decrees of such court and may be removed thereby, and a successor receiver may be appointed in the discretion of such court. Nothing herein contained shall limit or restrict the jurisdiction of such court to enter such

other and further orders and decrees as such court may deem necessary or appropriate for the exercise by the receiver of any function not specifically set forth herein.

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2005 A Bonds and the Series 2005 B 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 2005 A Bonds and the Series 2005 B Bonds, the principal of and interest, if any, due or to become due thereon, at the times and in the manner stipulated therein and in this Bond Legislation, then the pledge of Net Revenues and other monies and securities pledged under this Bond Legislation and all covenants, agreements and other obligations of the Issuer to the Registered Owners of the Series 2005 A Bonds and the Series 2005 B Bonds shall thereupon cease, terminate and become void and be discharged and satisfied, except as may otherwise be necessary to assure the exclusion of interest, if any, on the Series 2005 A Bonds and the Series 2005 B Bonds from gross income for federal income tax purposes.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Amendment or Modification of Bond Legislation. Prior to issuance of the Series 2005 A Bonds and the Series 2005 B Bonds, this Resolution may be amended or supplemented in any way by the Supplemental Resolution. Following issuance of the Series 2005 A Bonds and the Series 2005 B Bonds, no material modification or amendment of this Resolution, or of any resolution amendatory or supplemental hereto, that would materially and adversely affect the rights of Registered Owners of the Series 2005 A Bonds and the Series 2005 B Bonds shall be made without the consent in writing of the Registered Owners of the Series 2005 A Bonds and the Series 2005 B Bonds so affected and then Outstanding; provided, that no change shall be made in the maturity of any Bond or Bonds or the rate of interest thereon, or in the principal amount thereof, or affecting the unconditional promise of the Issuer to pay such principal and interest, if any, out of the funds herein respectively pledged therefor without the consent of the Registered Owner thereof. No amendment or modification shall be made that would reduce the percentage of the principal amount of Series 2005 A Bonds and the Series 2005 B 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 2005 A Bonds and the Series 2005 B Bonds from gross income of the holders thereof.

Section 11.02. Bond Legislation Constitutes Contract. The provisions of the Bond Legislation shall constitute a contract between the Issuer and the Registered Owners of the Series 2005 A Bonds and the Series 2005 B Bonds, and no change, variation or alteration of any kind of the provisions of the Bond Legislation shall be made in any manner, except as in this Bond Legislation provided.

Section 11.03. Severability of Invalid Provisions. If any section, paragraph, clause or provision of this Resolution should be held invalid by any court of competent jurisdiction, the invalidity of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution, the Supplemental Resolution, or the Series 2005 A Bonds and the Series 2005 B Bonds.

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

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

ISSUER:

Gilmer County Public Service District
232 West Main Street
Post Office Box 429
Glenville, West Virginia 26531
Attention: Chairman

AUTHORITY:

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

BPH:

West Virginia Bureau for Public Health
Capitol & Washington Streets
One Davis Square, Suite 200
Charleston, West Virginia 25301
Attention: Environmental Engineering

COUNCIL:

West Virginia Infrastructure Council
300 Summers Street, Suite 980
Charleston, WV 25301
Attention: Executive Secretary

All notices to be sent to the BPH or the Council hereunder, shall also be sent to the Authority.

Section 11.06. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders, ordinances or resolutions, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Resolutions. In the event of any

conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

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

(a) The maximum amount of the Series 2005 A Bonds and Series 2005 B Bonds to be issued;

(b) The maximum interest rate and terms of the Series 2005 A Bonds and Series 2005 B Bonds authorized hereby;

(c) The public service properties to be acquired or constructed and the cost of the same;

(d) The maximum anticipated rates which will be charged by the Issuer; and

(e) The date that the formal application for a certificate of public convenience and necessity is to be filed with the Public Service Commission of West Virginia.

Section 11.09. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 12th day of April, 2005.

William R. Stalnaker
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GILMER COUNTY PUBLIC SERVICE DISTRICT on the 12th day of April, 2005.

Dated: April 19, 2005.

[SEAL]

Secretary

03/30/05
329470.00001

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3 and 4.

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water Revenue Bonds, Series 2005 A
(West Virginia Infrastructure Fund) and
Water Revenue Bonds, Series 2005 B
(West Virginia DWTRF Program)

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION PROVIDING AS TO PRINCIPAL AMOUNTS, DATES, MATURITY DATES, REDEMPTION PROVISIONS, INTEREST RATES, INTEREST AND PRINCIPAL PAYMENT DATES, SALE PRICES AND OTHER TERMS OF THE WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND WATER REVENUE BONDS, SERIES 2005 B(WEST VIRGINIA DWTRF PROGRAM), OF GILMER COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING 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 Gilmer County Public Service District (the "Issuer") has duly and officially adopted a bond resolution, on April 12, 2005 (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF GILMER COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,470,000 IN AGGREGATE PRINCIPAL AMOUNT OF

WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND) AND NOT MORE THAN $1,639,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER REVENUE BONDS, SERIES 2005 B(WEST VIRGINIA DWTRF PROGRAM); PROVIDING FOR THE RIGHTS AND REMEDIES OF AND SECURITY FOR THE REGISTERED OWNERS OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF ALL DOCUMENTS RELATING TO THE ISSUANCE OF SUCH BONDS; APPROVING, RATIFYING AND CONFIRMING THE LOAN AGREEMENTS RELATING TO SUCH BONDS; AUTHORIZING THE SALE AND PROVIDING FOR THE TERMS AND PROVISIONS OF SUCH BONDS AND ADOPTING OTHER PROVISIONS RELATING THERETO.

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

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund) and Water Revenue Bonds, Series 2005 B (West Virginia DWTRF Program), of the Issuer (collectively, the "Bonds" and individually, the "Series 2005 A Bonds" and the "Series 2005 B Bonds"), in the respective aggregate principal amounts not to exceed $1,470,000 and $1,639,000, and has authorized the execution and delivery of the loan agreement relating to the Series 2005 A Bonds, by and between the Issuer and the West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council") and the loan agreement relating to the Series 2005 B Bonds, by and between the Issuer and the Authority, on behalf of the West Virginia Bureau for Public Health (the "BPH") (collectively, the "Loan Agreements" and individually, the "Series 2005 A Loan Agreement" and the "Series 2005 B Loan Agreement"), all in accordance with Chapter 16, Article 13A, Chapter 16, Article 13C 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 entered into 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 and the sale prices 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 GILMER 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. Water Revenue Bonds, Series 2005 A (West Virginia Infrastructure Fund), of the Issuer, originally represented by a single Bond, numbered AR-1, in the principal amount of $1,470,000. The Series 2005 A Bonds shall be dated the date of delivery thereof, shall finally mature March 1, 2045, and shall bear no interest. The principal of the Series 2005 A Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, and maturing March 1, 2045, and in the amounts as set forth in the "Schedule Y" attached to the Series 2005 A Loan Agreement and incorporated in and made a part of the Series 2005 A Bonds. The Series 2005 A Bonds shall be subject to redemption upon the written consent of the Authority and the Council, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2005 A Loan Agreement, so long as the Authority shall be the registered owner of the Series 2005 A Bonds.

B. Water Revenue Bonds, Series 2005 B(West Virginia DWTRF Program), of the Issuer, originally represented by a single Bond, numbered BR-1, in the principal amount of $1,639,000. The Series 2005 B Bonds shall be dated the date of delivery thereof, shall finally mature September 1, 2036, and shall bear no interest. The principal of the Series 2005 B Bonds shall be payable quarterly, on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, and maturing September 1, 2036, and in the amounts as set forth in the "Schedule Y" attached to the Series 2005 B Loan

Agreement and incorporated in and made a part of the Series 2005 B Bonds. The Series 2005 B Bonds shall be subject to redemption upon the written consent of the Authority and the BPH, and upon payment of the redemption premium, if any, and otherwise in compliance with the Series 2005 B Loan Agreement, so long as the Authority shall be the registered owner of the Series 2005 B Bonds. The Issuer does hereby approve and shall pay the Administrative Fee equal to 1% of the principal amount of the Series 2005 B Bonds set forth in the "Schedule Y" attached to the Series 2005 B Loan Agreement.

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, ratify, approve and accept the Loan Agreements, including all schedules and exhibits attached thereto, 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 BPH, 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 will 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 United Bank, Inc., Glenville, West Virginia, to serve as Depository Bank under the Bond Resolution.

Section 7. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Sinking Fund as capitalized interest.

Section 8. Series 2005 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 B Bonds Sinking Fund as capitalized interest.

Section 9. Series 2005 A Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 A Bonds Reserve Account.

Section 10. Series 2005 B Bonds proceeds in the amount of $-0- shall be deposited in the Series 2005 B Bonds Reserve Account.

Section 11. The balance of the proceeds of the Series 2005 A Bonds and the Series 2005 B Bonds shall be deposited in or credited to the respective Bonds Construction Trust Funds as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2005 A Bonds and the Series 2005 B Bonds and related costs.

Section 12. 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 hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreements on or about April 19, 2005.

Section 13. 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 14. The Issuer does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 15. 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 Sinking Funds and the Reserve Accounts for the Bonds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 16. The Issuer hereby approves payment of all invoices and bills for the Project which have been received to date from the proceeds of the Bonds.

Section 17. This Supplemental Resolution shall be effective immediately following adoption hereof.

Section 18. 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 the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (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 promulgated or to be promulgated thereunder.

Adopted this 12th day of April, 2005.

GILMER COUNTY PUBLIC SERVICE DISTRICT

By: William R. Stalnaker
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of GILMER COUNTY PUBLIC SERVICE DISTRICT on the 12th day of April, 2005.

Dated: April 19, 2005.

[SEAL]

Secretary

03/30/05
329470.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GILMER COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,470,0000

KNOW ALL MEN BY THESE PRESENTS: That on this 19th day of April, 2005, GILMER COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Gilmer 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 FOUR HUNDRED SEVENTY THOUSAND DOLLARS ($1,470,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Infrastructure and Jobs Development Council (the "Council"), and upon the terms and conditions prescribed by, and otherwise in compliance with, the Loan Agreement by and between the Issuer and the Authority, on behalf of the Council, dated April 19, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority

of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on April 12, 2005, and a Supplemental Resolution duly adopted by the Issuer on April 12, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994, DATED AUGUST 18, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 1994 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2000 BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA DWTRF PROGRAM), DATED APRIL 19, 2005, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,639,000 (THE "SERIES 2005 B BONDS"). THE SERIES 1994 BONDS, THE SERIES 2000 BONDS AND THE SERIES 2005 B BONDS ARE HEREINAFTER REFERRED TO AS THE "FIRST LIEN BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 A Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2005 A Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 A Bonds Reserve

Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All 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, GILMER 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 date first written above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 A Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 19, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$ 208,022	04/19/05	(19)	$	
(2)	$		(20)	$	
(3)	$		(21)	$	
(4)	$		(22)	$	
(5)	$		(23)	$	
(6)	$		(24)	$	
(7)	$		(25)	$	
(8)	$		(26)	$	
(9)	$		(27)	$	
(10)	$		(28)	$	
(11)	$		(29)	$	
(12)	$		(30)	$	
(13)	$		(31)	$	
(14)	$		(32)	$	
(15)	$		(33)	$	
(16)	$		(34)	$	
(17)	$		(35)	$	
(18)	$		(36)	$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	9,545.46	-	9,545.46
03/01/2007	9,545.46	-	9,545.46
06/01/2007	9,545.46	-	9,545.46
09/01/2007	9,545.46	-	9,545.46
12/01/2007	9,545.46	-	9,545.46
03/01/2008	9,545.46	-	9,545.46
06/01/2008	9,545.46	-	9,545.46
09/01/2008	9,545.46	-	9,545.46
12/01/2008	9,545.46	-	9,545.46
03/01/2009	9,545.46	-	9,545.46
06/01/2009	9,545.46	-	9,545.46
09/01/2009	9,545.46	-	9,545.46
12/01/2009	9,545.46	-	9,545.46
03/01/2010	9,545.46	-	9,545.46
06/01/2010	9,545.46	-	9,545.46
09/01/2010	9,545.46	-	9,545.46
12/01/2010	9,545.46	-	9,545.46
03/01/2011	9,545.46	-	9,545.46
06/01/2011	9,545.46	-	9,545.46
09/01/2011	9,545.46	-	9,545.46
12/01/2011	9,545.46	-	9,545.46
03/01/2012	9,545.46	-	9,545.46
06/01/2012	9,545.46	-	9,545.46
09/01/2012	9,545.46	-	9,545.46
12/01/2012	9,545.46	-	9,545.46
03/01/2013	9,545.46	-	9,545.46
06/01/2013	9,545.46	-	9,545.46
09/01/2013	9,545.46	-	9,545.46
12/01/2013	9,545.46	-	9,545.46
03/01/2014	9,545.46	-	9,545.46
06/01/2014	9,545.46	-	9,545.46
09/01/2014	9,545.46	-	9,545.46
12/01/2014	9,545.46	-	9,545.46
03/01/2015	9,545.46	-	9,545.46
06/01/2015	9,545.46	-	9,545.46
09/01/2015	9,545.46	-	9,545.46
12/01/2015	9,545.46	-	9,545.46
03/01/2016	9,545.46	-	9,545.46

Date	Principal	Coupon	Total P+I
06/01/2016	9,545.46	-	9,545.46
09/01/2016	9,545.46	-	9,545.46
12/01/2016	9,545.46	-	9,545.46
03/01/2017	9,545.46	-	9,545.46
06/01/2017	9,545.46	-	9,545.46
09/01/2017	9,545.46	-	9,545.46
12/01/2017	9,545.46	-	9,545.46
03/01/2018	9,545.46	-	9,545.46
06/01/2018	9,545.46	-	9,545.46
09/01/2018	9,545.46	-	9,545.46
12/01/2018	9,545.46	-	9,545.46
03/01/2019	9,545.46	-	9,545.46
06/01/2019	9,545.46	-	9,545.46
09/01/2019	9,545.46	-	9,545.46
12/01/2019	9,545.46	-	9,545.46
03/01/2020	9,545.46	-	9,545.46
06/01/2020	9,545.46	-	9,545.46
09/01/2020	9,545.46	-	9,545.46
12/01/2020	9,545.46	-	9,545.46
03/01/2021	9,545.46	-	9,545.46
06/01/2021	9,545.46	-	9,545.46
09/01/2021	9,545.46	-	9,545.46
12/01/2021	9,545.46	-	9,545.46
03/01/2022	9,545.46	-	9,545.46
06/01/2022	9,545.46	-	9,545.46
09/01/2022	9,545.46	-	9,545.46
12/01/2022	9,545.46	-	9,545.46
03/01/2023	9,545.46	-	9,545.46
06/01/2023	9,545.46	-	9,545.46
09/01/2023	9,545.46	-	9,545.46
12/01/2023	9,545.46	-	9,545.46
03/01/2024	9,545.46	-	9,545.46
06/01/2024	9,545.45	-	9,545.45
09/01/2024	9,545.45	-	9,545.45
12/01/2024	9,545.45	-	9,545.45
03/01/2025	9,545.45	-	9,545.45
06/01/2025	9,545.45	-	9,545.45
09/01/2025	9,545.45	-	9,545.45
12/01/2025	9,545.45	-	9,545.45
03/01/2026	9,545.45	-	9,545.45
06/01/2026	9,545.45	-	9,545.45
09/01/2026	9,545.45	-	9,545.45
12/01/2026	9,545.45	-	9,545.45
03/01/2027	9,545.45	-	9,545.45

Date	Principal	Coupon	Total P+I
06/01/2027	9,545.45	-	9,545.45
09/01/2027	9,545.45	-	9,545.45
12/01/2027	9,545.45	-	9,545.45
03/01/2028	9,545.45	-	9,545.45
06/01/2028	9,545.45	-	9,545.45
09/01/2028	9,545.45	-	9,545.45
12/01/2028	9,545.45	-	9,545.45
03/01/2029	9,545.45	-	9,545.45
06/01/2029	9,545.45	-	9,545.45
09/01/2029	9,545.45	-	9,545.45
12/01/2029	9,545.45	-	9,545.45
03/01/2030	9,545.45	-	9,545.45
06/01/2030	9,545.45	-	9,545.45
09/01/2030	9,545.45	-	9,545.45
12/01/2030	9,545.45	-	9,545.45
03/01/2031	9,545.45	-	9,545.45
06/01/2031	9,545.45	-	9,545.45
09/01/2031	9,545.45	-	9,545.45
12/01/2031	9,545.45	-	9,545.45
03/01/2032	9,545.45	-	9,545.45
06/01/2032	9,545.45	-	9,545.45
09/01/2032	9,545.45	-	9,545.45
12/01/2032	9,545.45	-	9,545.45
03/01/2033	9,545.45	-	9,545.45
06/01/2033	9,545.45	-	9,545.45
09/01/2033	9,545.45	-	9,545.45
12/01/2033	9,545.45	-	9,545.45
03/01/2034	9,545.45	-	9,545.45
06/01/2034	9,545.45	-	9,545.45
09/01/2034	9,545.45	-	9,545.45
12/01/2034	9,545.45	-	9,545.45
03/01/2035	9,545.45	-	9,545.45
06/01/2035	9,545.45	-	9,545.45
09/01/2035	9,545.45	-	9,545.45
12/01/2035	9,545.45	-	9,545.45
03/01/2036	9,545.45	-	9,545.45
06/01/2036	9,545.45	-	9,545.45
09/01/2036	9,545.45	-	9,545.45
12/01/2036	9,545.45	-	9,545.45
03/01/2037	9,545.45	-	9,545.45
06/01/2037	9,545.45	-	9,545.45
09/01/2037	9,545.45	-	9,545.45
12/01/2037	9,545.45	-	9,545.45
03/01/2038	9,545.45	-	9,545.45

Date	Principal	Coupon	Total P+I
06/01/2038	9,545.45	-	9,545.45
09/01/2038	9,545.45	-	9,545.45
12/01/2038	9,545.45	-	9,545.45
03/01/2039	9,545.45	-	9,545.45
06/01/2039	9,545.45	-	9,545.45
09/01/2039	9,545.45	-	9,545.45
12/01/2039	9,545.45	-	9,545.45
03/01/2040	9,545.45	-	9,545.45
06/01/2040	9,545.45	-	9,545.45
09/01/2040	9,545.45	-	9,545.45
12/01/2040	9,545.45	-	9,545.45
03/01/2041	9,545.45	-	9,545.45
06/01/2041	9,545.45	-	9,545.45
09/01/2041	9,545.45	-	9,545.45
12/01/2041	9,545.45	-	9,545.45
03/01/2042	9,545.45	-	9,545.45
06/01/2042	9,545.45	-	9,545.45
09/01/2042	9,545.45	-	9,545.45
12/01/2042	9,545.45	-	9,545.45
03/01/2043	9,545.45	-	9,545.45
06/01/2043	9,545.45	-	9,545.45
09/01/2043	9,545.45	-	9,545.45
12/01/2043	9,545.45	-	9,545.45
03/01/2044	9,545.45	-	9,545.45
06/01/2044	9,545.45	-	9,545.45
09/01/2044	9,545.45	-	9,545.45
12/01/2044	9,545.45	-	9,545.45
03/01/2045	9,545.45	-	9,545.45
Total	**$1,470,000.00**	-	**$1,470,000.00**

(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:

_____

03/30/05
329470.00001

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GILMER COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2005 B
(WEST VIRGINIA DWTRF PROGRAM)

No. BR-1 $1,639,000

KNOW ALL MEN BY THESE PRESENTS: That on this 19th day of April, 2005, GILMER COUNTY PUBLIC SERVICE DISTRICT, a public corporation and political subdivision of the State of West Virginia in Gilmer 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 SIX HUNDRED THIRTY-NINE THOUSAND DOLLARS ($1,639,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, as set forth in the Debt Service Schedule attached as EXHIBIT B hereto and incorporated herein by reference. The Administrative Fee (as defined in the hereinafter described Bond Legislation) on this Bond shall also be payable quarterly on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2006, as set forth on EXHIBIT B attached hereto.

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

This Bond may be redeemed prior to its stated date of maturity in whole or in part, but only with the express written consent of the Authority and the West Virginia Bureau for Public Health (the "BPH"), 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 BPH, dated April 19, 2005.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued

under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 16, Article 13C of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on April 12, 2005, and a Supplemental Resolution duly adopted by the Issuer on April 12, 2005 (collectively, the "Bond Legislation"), and is subject to all the terms and conditions thereof. The Bond Legislation provides for the issuance of additional bonds under certain conditions, and such bonds would be entitled to be paid and secured equally and ratably from and by the funds and revenues and other security provided for the Bonds under the Bond Legislation.

THIS BOND IS ISSUED ON A PARITY WITH RESPECT TO LIENS, PLEDGE AND SOURCE OF AND SECURITY FOR PAYMENT, AND IN ALL RESPECTS, WITH THE ISSUER'S (1) WATER REVENUE BONDS, SERIES 1994, DATED AUGUST 18, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 1994 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2000 BONDS"); AND (3) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 19, 2005, ISSUED SIMULTANEOUSLY HEREWITH IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,470,000 (THE "SERIES 2005 A BONDS"). THE SERIES 1994 BONDS, THE SERIES 2000 BONDS AND THE SERIES 2005 A BONDS ARE HEREINAFTER REFERRED TO AS THE "FIRST LIEN BONDS."

This Bond is payable only from and secured by a pledge of the Net Revenues (as defined in the Bond Legislation) to be derived from the operation of the System, on a parity with the pledge of Net Revenues in favor of the holders of the First Lien Bonds, and from monies in the reserve account created under the Bond Legislation for the Bonds (the "Series 2005 B Bonds Reserve Account") and unexpended proceeds of the Bonds. Such Net Revenues shall be sufficient to pay the principal of and interest, if any, on all bonds which may be issued pursuant to the Act and shall be set aside as a special fund hereby pledged for such purpose. This Bond does not constitute an indebtedness of the Issuer within the meaning of any constitutional or statutory provisions or limitations, nor shall the Issuer be obligated to pay the same, except from said special fund provided from the Net Revenues, the monies in the Series 2005 B Bonds Reserve Account and unexpended proceeds of the Bonds. Pursuant to the Bond Legislation, the Issuer has covenanted and agreed to establish and maintain just and equitable rates and charges for the use of the System and the services rendered thereby, which shall be sufficient, together with other revenues of the System, to provide for the reasonable expenses of operation, repair and maintenance of the System, and to leave a balance each year equal to at least 115% of the maximum amount payable in any year for principal of and interest, if any, on the Bonds and all other obligations secured by a lien on or payable from such revenues on a parity with the Bonds, including the First Lien Bonds; provided however, that so long as there exists in the Series 2005 B Bonds Reserve

Account an amount at least equal to the maximum amount of principal and interest, if any, which will become due on the Bonds in the then current or any succeeding year, and in the respective reserve accounts established for any other obligations outstanding on a parity with the Bonds, including the First Lien Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

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

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

All 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, GILMER 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 date first written above.

[SEAL]

Chairman

SPECIMEN

ATTEST:

Secretary

SPECIMEN

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This Bond is one of the Series 2005 B Bonds described in the within-mentioned Bond Legislation and has been duly registered in the name of the registered owner set forth above, as of the date set forth below.

Date: April 19, 2005.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

(Form of)

EXHIBIT A

RECORD OF ADVANCES

AMOUNT	DATE	AMOUNT	DATE
(1)$ 40,975	April 19, 2005	(19)$	
(2)$		(20)$	
(3)$		(21)$	
(4)$		(22)$	
(5)$		(23)$	
(6)$		(24)$	
(7)$		(25)$	
(8)$		(26)$	
(9)$		(27)$	
(10)$		(28)$	
(11)$		(29)$	
(12)$		(30)$	
(13)$		(31)$	
(14)$		(32)$	
(15)$		(33)$	
(16)$		(34)$	
(17)$		(35)$	
(18)$		(36)$	

TOTAL $_____

EXHIBIT B

DEBT SERVICE SCHEDULE

Date	Principal	Coupon	Total P+I
06/01/2005	-	-	-
09/01/2005	-	-	-
12/01/2005	-	-	-
03/01/2006	-	-	-
06/01/2006	-	-	-
09/01/2006	-	-	-
12/01/2006	13,659.00	-	13,659.00
03/01/2007	13,659.00	-	13,659.00
06/01/2007	13,659.00	-	13,659.00
09/01/2007	13,659.00	-	13,659.00
12/01/2007	13,659.00	-	13,659.00
03/01/2008	13,659.00	-	13,659.00
06/01/2008	13,659.00	-	13,659.00
09/01/2008	13,659.00	-	13,659.00
12/01/2008	13,659.00	-	13,659.00
03/01/2009	13,659.00	-	13,659.00
06/01/2009	13,659.00	-	13,659.00
09/01/2009	13,659.00	-	13,659.00
12/01/2009	13,659.00	-	13,659.00
03/01/2010	13,659.00	-	13,659.00
06/01/2010	13,659.00	-	13,659.00
09/01/2010	13,659.00	-	13,659.00
12/01/2010	13,659.00	-	13,659.00
03/01/2011	13,659.00	-	13,659.00
06/01/2011	13,659.00	-	13,659.00
09/01/2011	13,659.00	-	13,659.00
12/01/2011	13,659.00	-	13,659.00
03/01/2012	13,659.00	-	13,659.00
06/01/2012	13,659.00	-	13,659.00
09/01/2012	13,659.00	-	13,659.00
12/01/2012	13,659.00	-	13,659.00
03/01/2013	13,659.00	-	13,659.00
06/01/2013	13,659.00	-	13,659.00
09/01/2013	13,659.00	-	13,659.00
12/01/2013	13,659.00	-	13,659.00
03/01/2014	13,659.00	-	13,659.00
06/01/2014	13,659.00	-	13,659.00
09/01/2014	13,659.00	-	13,659.00
12/01/2014	13,659.00	-	13,659.00
03/01/2015	13,659.00	-	13,659.00
06/01/2015	13,659.00	-	13,659.00
09/01/2015	13,659.00	-	13,659.00
12/01/2015	13,659.00	-	13,659.00
03/01/2016	13,659.00	-	13,659.00

Date	Principal	Coupon	Total P+I
06/01/2016	13,659.00	-	13,659.00
09/01/2016	13,659.00	-	13,659.00
12/01/2016	13,658.00	-	13,658.00
03/01/2017	13,658.00	-	13,658.00
06/01/2017	13,658.00	-	13,658.00
09/01/2017	13,658.00	-	13,658.00
12/01/2017	13,658.00	-	13,658.00
03/01/2018	13,658.00	-	13,658.00
06/01/2018	13,658.00	-	13,658.00
09/01/2018	13,658.00	-	13,658.00
12/01/2018	13,658.00	-	13,658.00
03/01/2019	13,658.00	-	13,658.00
06/01/2019	13,658.00	-	13,658.00
09/01/2019	13,658.00	-	13,658.00
12/01/2019	13,658.00	-	13,658.00
03/01/2020	13,658.00	-	13,658.00
06/01/2020	13,658.00	-	13,658.00
09/01/2020	13,658.00	-	13,658.00
12/01/2020	13,658.00	-	13,658.00
03/01/2021	13,658.00	-	13,658.00
06/01/2021	13,658.00	-	13,658.00
09/01/2021	13,658.00	-	13,658.00
12/01/2021	13,658.00	-	13,658.00
03/01/2022	13,658.00	-	13,658.00
06/01/2022	13,658.00	-	13,658.00
09/01/2022	13,658.00	-	13,658.00
12/01/2022	13,658.00	-	13,658.00
03/01/2023	13,658.00	-	13,658.00
06/01/2023	13,658.00	-	13,658.00
09/01/2023	13,658.00	-	13,658.00
12/01/2023	13,658.00	-	13,658.00
03/01/2024	13,658.00	-	13,658.00
06/01/2024	13,658.00	-	13,658.00
09/01/2024	13,658.00	-	13,658.00
12/01/2024	13,658.00	-	13,658.00
03/01/2025	13,658.00	-	13,658.00
06/01/2025	13,658.00	-	13,658.00
09/01/2025	13,658.00	-	13,658.00
12/01/2025	13,658.00	-	13,658.00
03/01/2026	13,658.00	-	13,658.00
06/01/2026	13,658.00	-	13,658.00
09/01/2026	13,658.00	-	13,658.00
12/01/2026	13,658.00	-	13,658.00
03/01/2027	13,658.00	-	13,658.00

Date	Principal	Coupon	Total P+I
06/01/2027	13,658.00	-	13,658.00
09/01/2027	13,658.00	-	13,658.00
12/01/2027	13,658.00	-	13,658.00
03/01/2028	13,658.00	-	13,658.00
06/01/2028	13,658.00	-	13,658.00
09/01/2028	13,658.00	-	13,658.00
12/01/2028	13,658.00	-	13,658.00
03/01/2029	13,658.00	-	13,658.00
06/01/2029	13,658.00	-	13,658.00
09/01/2029	13,658.00	-	13,658.00
12/01/2029	13,658.00	-	13,658.00
03/01/2030	13,658.00	-	13,658.00
06/01/2030	13,658.00	-	13,658.00
09/01/2030	13,658.00	-	13,658.00
12/01/2030	13,658.00	-	13,658.00
03/01/2031	13,658.00	-	13,658.00
06/01/2031	13,658.00	-	13,658.00
09/01/2031	13,658.00	-	13,658.00
12/01/2031	13,658.00	-	13,658.00
03/01/2032	13,658.00	-	13,658.00
06/01/2032	13,658.00	-	13,658.00
09/01/2032	13,658.00	-	13,658.00
12/01/2032	13,658.00	-	13,658.00
03/01/2033	13,658.00	-	13,658.00
06/01/2033	13,658.00	-	13,658.00
09/01/2033	13,658.00	-	13,658.00
12/01/2033	13,658.00	-	13,658.00
03/01/2034	13,658.00	-	13,658.00
06/01/2034	13,658.00	-	13,658.00
09/01/2034	13,658.00	-	13,658.00
12/01/2034	13,658.00	-	13,658.00
03/01/2035	13,658.00	-	13,658.00
06/01/2035	13,658.00	-	13,658.00
09/01/2035	13,658.00	-	13,658.00
12/01/2035	13,658.00	-	13,658.00
03/01/2036	13,658.00	-	13,658.00
06/01/2036	13,658.00	-	13,658.00
09/01/2036	13,658.00	-	13,658.00
Total	**$1,639,000.00**	-	**$1,639,000.00**

***Plus $2,065.80 one-percent administrative fee paid quarterly. Total fee paid over life of loan is $247,896.**

(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:

_____

03/30/05
329470.00001

GILMER COUNTY PUBLIC SERVICE DISTRICT

WATER 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 Position with Respect to Prior 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 Filing of Amended Schedule

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 Position 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 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; Change Orders; 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 Notices
Section 11.06 Conflicting Provisions Repealed; Prior Resolutions
Section 11.07 Covenant of Due Procedure, Etc.
Section 11.08 Effective Date
SIGNATURES
CERTIFICATION
EXHIBIT A

GILMER COUNTY PUBLIC SERVICE DISTRICT

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF GILMER COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,325,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER 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 THE 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 GILMER 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. Gilmer 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 Gilmer County of said State.

B. The Issuer presently owns and operates a public waterworks system. However, it is deemed necessary and desirable for the health and welfare of the inhabitants of the Issuer that there be acquired and constructed certain extensions, additions, betterments and improvements to the existing public waterworks system of the Issuer, consisting of construction of waterline extensions to serve approximately 89 new customers along Route 5, Rosedale Road, Gluck Run and Joe's Run in Gilmer County (collectively, the "Project") (the existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System"), in accordance with the plans and specifications prepared by the Consulting Engineers, which plans and specifications have heretofore been filed with the Issuer.

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

D. It is deemed necessary for the Issuer to issue its Water Revenue Bonds in the total aggregate principal amount of not more than $1,325,000 in a single series, being the Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund),(the "Series 2008 A Bonds"), to permanently finance a portion of the costs of acquisition and construction of the Project. Said costs shall be deemed to include the cost of all property rights, easements and franchises deemed necessary or convenient therefor; interest, if any, upon the Series 2008 Bonds prior to and during acquisition and construction of the Project and for a period not exceeding 6 months after completion of acquisition and construction of the Project; amounts which may be deposited in the Reserve Accounts (as hereinafter defined); engineering and legal expenses; expenses for estimates of costs and revenues, expenses for plans, specifications and surveys; other expenses necessary or incident to determining the feasibility or practicability of the enterprise, administrative expense, commitment fees, fees and expenses of the Authority, discount, initial fees for the services of registrars, paying agents, depositories or trustees or other costs in connection with the sale of the Series 2008 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 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 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"), 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 bonds or obligations of the Issuer which will rank on a parity with the Series 2008 A Bonds as to liens, pledge and source of and security for payment, being the Issuer's: (i) Water Revenue Bonds, Series 1994;dated August 18, 1994, issued in the original aggregate principal amount of $550,000 and held by the United States Department of Agriculture (the "Series 1994 Bonds"); (ii) Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000 (the "Series 2000 Bonds"); (iii) Water Revenue Bonds, Series 2005 A Bonds (West Virginia Infrastructure Fund) dated April 19, 2005 issued in the original aggregate principal amount of $1,470,000 (the Series 2005 a Bonds"); and (iv) Water Revenue Bonds, Series 2005 B Bonds (West Virginia DWTRF Program) dated April 19, 2005 issued in the original aggregate principal amount of $1,639,000 (the "Series 2005 B Bonds"). The Series 1994 Bonds, the Series 2000 Bonds, the Series 2005 A Bonds and the Series 2005 B Bonds are hereinafter collectively called the "Prior Bonds."

Prior to the issuance of the Series 2008 Bonds, the Issuer will obtain (i) the certificate of an Independent Certified Public Accountant stating that the coverage and parity tests of the Prior Bonds are met; and (ii) the written consents of the Holders of the Prior Bonds to the issuance of the Series 2008 Bonds on a parity with the Prior Bonds. Other than the Prior Bonds, there are no other outstanding bonds or obligations of the Issuer which are secured by revenues or assets of the System. The Issuer is in compliance with all the covenants of the Prior Bonds and the Prior Resolutions.

H. The estimated revenues to be derived in each year after completion of the Project from the operation of the System will be sufficient to pay all costs of operation and maintenance of the System, the principal of and interest, if any, on the Bonds (as hereinafter defined) and payments into all funds and accounts and other payments provided for herein and in the Prior Resolutions, all as such terms are hereinafter defined.

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, collectively, the Series 2008 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 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.

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

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

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

"Grant" means any Grants committed 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 Gilmer County Public Service District, a public service district, public corporation and political subdivision of the State of West Virginia, in Gilmer 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 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 2008 A Bonds, plus accrued interest and premium, if any, less original issue discount, if any, and less proceeds, if any, deposited in the Series 2008 A Bonds Reserve Account. For purposes of the Private Business Use limitations set forth herein, the term Net Proceeds shall include any amounts

resulting from the investment of proceeds of the Series 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 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 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 Bonds in the Supplemental Resolution.

"Prior Bonds" means, collectively, the Issuer's Series 1994 Bonds, Series 2000 Bonds, Series 2005 A Bonds and Series 2005 B Bonds as more fully defined in Section 1.02(G).

"Prior Resolutions" means, collectively, the resolutions and supplemental resolutions of the Issuer authorizing the issuance of 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.

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

"Registrar" means the Bond Registrar.

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

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

"Reserve Accounts" means, collectively, the respective Reserve Accounts and Reserve Funds established for the Series 2008 A Bonds and the Prior Bonds.

"Reserve Requirement" means, collectively, the respective amounts required to be on deposit in any Reserve Account for the Prior Bonds and the Series 2008 A Bonds.

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

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

"Series 1994 Bonds" means the Issuer's Water Revenue Bonds, Series 1994, dated August 18, 1994, issued in the original aggregate principal amount of $550,000 and held by the United States Department of Agriculture.

"Series 2000 Bonds" means the Issuer's Water Revenue Bonds, Series 2000 (United States Department of Agriculture), dated February 25, 2000, issued in the original aggregate principal amount of $200,000.

"Series 2005 A Bonds" means the Issuer's Water Revenue Bonds, Series 2005 A Bonds (West Virginia Infrastructure Fund) dated April 19, 2005 issued in the original aggregate principal amount of $1,470,000.

"Series 2005 B Bonds" means the Issuer's Water Revenue Bonds, Series 2005 B Bonds (West Virginia DWTRF Program) dated April 19, 2005 issued in the original aggregate principal amount of $1,639,000.

"Series 2008 A Bonds" means the Water 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 by Section 5.02 hereof.

"Series 2008 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 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 Sinking Fund established for the Series 2008 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 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 Series 2008 A Bonds, the Prior Bonds, any additional bonds authorized under this Resolution, or any other obligations of the Issuer, including, without limitation, the Sinking Funds, Reserve Accounts and the Renewal and Replacement Fund.

"System" means the complete public waterworks system of the Issuer, as extended and improved by the Project, including the existing waterworks facilities owned by

the Issuer and all facilities and other property of every nature, real or personal, now or hereafter owned, held or used in connection with the System; and shall also include any and all extensions, additions, betterments and improvements thereto hereafter acquired or constructed for the waterworks 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; and any requirement for execution or attestation of the Bonds or any certificate or other document by the Chairman or the Secretary shall mean that such Bonds, certificate or other document may be executed or attested by an Acting Chairman or Acting Secretary.

ARTICLE II

AUTHORIZATION OF ACQUISITION AND CONSTRUCTION OF THE PROJECT

Section 2.01. Authorization of Acquisition and Construction of the Project. There is hereby authorized and ordered the acquisition and construction of the Project, at an estimated cost of $2,884,000, in accordance with the plans and specifications which have been prepared by the Consulting Engineers, heretofore filed in the office of the Governing Body. The proceeds of the Series 2008 A Bonds 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 not to exceed $2,884,000, of which approximately $1,325,000 will be obtained from proceeds of the Series 2008 A Bonds and approximately $1,559,000 will be obtained from a United States Environmental Protection Agency grant.

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 a 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 the Series 2008 A Bonds of the Issuer. The Series 2008 Bonds shall be issued in a single series, designated as "Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund)," in the principal amount of not more than $1,325,000, and shall have such terms as set forth hereinafter and in the Supplemental Resolution. The proceeds of the Series 2008 A Bonds remaining after capitalizing interest, if any, on the Series 2008 A Bonds, and funding the Series 2008 A Bonds Reserve Account 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 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 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, if any, on the Series 2008 A 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 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 such 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 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 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 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 Series 2008 A 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 Series 2008 A 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 the Series 2008 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 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, register and deliver, a new Bond of the same series and of like tenor as the Bonds so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond, or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder's furnishing satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer and the Bond Registrar may incur. All Bonds so surrendered shall be 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 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 Position with Respect to Prior Bonds. The payment of the debt service of the Series 2008 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 lien on the Net Revenues in favor of the Holders of the Prior Bonds. Such Net Revenues in an amount sufficient to pay the principal of and interest, if any, on and other payments for the Prior Bonds, the Series

2008 A 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:

(i) 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;

(ii) 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;

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

(iv) An executed copy of the Loan Agreement;

(v) 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
GILMER COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-____ $_____

KNOW ALL MEN BY THESE PRESENTS: That on this day ____ of _____, 2008, GILMER COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Gilmer County of said State (the "Issuer"), for value received, hereby promises to pay, solely from the special funds provided therefor, as hereinafter set forth, to the WEST VIRGINIA WATER DEVELOPMENT AUTHORITY (the "Authority") or registered assigns the sum of _____ DOLLARS ($_____), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing _____ 1, 20___, to and including _____ 1, 20____, as set forth on the "Debt Service Schedule" attached as EXHIBIT B hereto and incorporated herein by reference.

This Bond shall 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 certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and

improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on _____, 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 RESPECTS, WITH THE ISSUER'S: (1) WATER REVENUE BONDS, SERIES 1994, DATED AUGUST 18, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 1994 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2000 BONDS"); (3) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 19, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,470,000 (THE "SERIES 2005 A BONDS"); AND (4) WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA DWTRF PROGRAM), DATED APRIL 19, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,639,000 (THE "SERIES 2005 B BONDS"). THE SERIES 1994 BONDS, THE SERIES 2000 BONDS, THE SERIES 2005 A BONDS AND THE SERIES 2005 B BONDS ARE HEREINAFTER 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 Prior 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 the Bonds, including 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 the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia (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 Blank]

IN WITNESS WHEREOF, GILMER 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 date 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

(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 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, is hereby approved and incorporated into this Bond Legislation.

Section 3.12. Filing of Amended Schedule. Upon completion of the acquisition and construction of the Project, the Issuer will file with the Authority and the Council the amended schedules, 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 if previously established by the Prior Resolutions) with and shall be held by the Depository Bank separate and apart from all other funds or accounts of the Depository Bank and the Issuer and from each other:

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

(2) Renewal and Replacement Fund (established by the Prior Resolution for the Series 1994 Bonds);

(3) Reserve Fund (established by Prior Resolution);

(4) Series 2000 Bonds Reserve Fund (established by Prior Resolution); 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 2005 A Bonds Sinking Fund (established by Prior Resolution);

(2) Series 2005 A Bonds Reserve Account (established by Prior Resolution);

(3) Series 2005 B Bonds Sinking Fund (established by Prior Resolution);

(4) Series 2005 B Bonds Reserve Account (established by Prior Resolution);

(5) Series 2008 A Bonds Sinking Fund; and

(6) 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 monies 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 Revenue Fund, all current Operating Expenses of the System.

(2) The Issuer shall next, each month, on or before the due date, transfer from the Revenue Fund and remit to the National Finance Office, the amounts required by the Prior Resolutions to pay interest on the Series 1994 Bonds and the Series 2000 Bonds.

(3) The Issuer shall next, each month on or before the due date, transfer from the Revenue Fund and remit (i) to the National Finance Office, the amounts required by the Prior Resolutions to pay the principal of the Series 1994 Bonds and the Series 2000 Bonds; (ii) to the Commission the amounts required by Prior Resolution to pay principal on the Series 2005 A Bonds and the Series 2005 B Bonds; and (iii) on the first day of each month, 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 simultaneously remit (i) to the Depository Bank the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 1994 Bonds and the Series 2000 Bonds; (ii) to the Commission the amounts required by the Prior Resolutions to be deposited in the respective Reserve Accounts for the Series 2005 A Bonds and the Series 2005 B Bonds; and (ii) 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 to the Renewal and Replacement Fund (i) the amounts required in the Prior Resolutions and (ii) so long as the Series 2008 Bonds are outstanding, an amount equal to 2 1/2% of the Gross Revenues each month, exclusive of any payments for account of any Reserve Accounts. All funds in the Renewal and Replacement Fund shall be kept apart from all other funds of the Issuer or of the Depository Bank and shall be invested and reinvested in accordance with Article VIII hereof. Withdrawals and disbursements may be made from the Renewal and Replacement Fund for replacements, repairs, improvements or extensions to the System; provided, that any deficiencies in any Reserve Accounts (except to the extent such deficiency exists because the required payments into such accounts have not, as of the date of determination of a deficiency, funded such accounts to the maximum extent required hereof) shall be promptly eliminated with monies from the Renewal and Replacement Fund.

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

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 purposes 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 and the Series 2008 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 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 Bonds, 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 of the Series 2008 A Bonds Reserve Account to below the Series 2008 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 2008 A Bonds are issued, provision shall be made for additional payments into the 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 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 and 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 Prior Bonds and the Series 2008 A Bonds, in accordance with the respective principal amounts then Outstanding.

The Commission is hereby designated as the fiscal agent for the administration of the Series 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.

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

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

E. The Issuer shall remit from the Revenue Fund to the Commission, the Registrar, the Paying Agent or the Depository Bank, on such dates as the Commission, the Registrar, the Paying Agent or the Depository Bank, as the case may be, shall require, such additional sums as shall be necessary to pay their respective charges 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 relevant provisions of the Prior Resolutions, and the Net Revenues shall be applied to such deficiencies before being applied to any other payments hereunder.

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

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

J. All Tap Fees shall be deposited by the Issuer, as received, in the Series 2008 A Bonds Construction Trust Fund, and following completion of the Project, shall be deposited in the Revenue Fund and may be used for any lawful purpose of the System.

ARTICLE VI

BOND PROCEEDS; CONSTRUCTION DISBURSEMENTS

Section 6.01. Application of Bond Proceeds; Pledge of Unexpended Bond Proceeds. From the monies received from the sale of the Series 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. From the proceeds of the Series 2008 A Bonds, there shall next 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 Funds. 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, as appropriate, 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 Series 2008 A Bonds. In addition to the other covenants, agreements and provisions of this Bond Legislation, the Issuer hereby covenants and agrees with the Holders of the Series 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 Series 2008 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 any Series 2008 A Bonds shall ever have the right to compel the exercise of the taxing power of the Issuer to pay the Series 2008 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 2008 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 lien on the Net Revenues in favor of the Holders of the Prior Bonds. The Net Revenues in an amount sufficient to pay the principal of and interest, if any, on the Series 2008 A Bonds and the Prior Bonds and to make the payments into all funds and accounts and all other payments provided for in the Bond Legislation are hereby irrevocably pledged, in the manner provided herein, to such payments as they become due, and for the other purposes provided in the Bond Legislation.

Section 7.04. Initial Schedule of Rates and Charges. The Issuer has obtained any and all approvals of rates and charges required by State law and has taken any other action required to establish and impose such rates and charges, with all requisite appeal periods having expired without successful appeal and shall provide an opinion of counsel to such effect. Such rates and charges shall be sufficient to comply with the requirements of the Loan Agreement and pursuant to Section 3.1(h) of the Loan Agreement, the Issuer will provide a Certificate of a 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 December 19, 2007, which became Final Order on January 8, 2008, in Case No. 07-1804-PWD-T-CN.

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 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 Resolutions. Additionally, so long as the Series 2008 A Bonds are outstanding and except as otherwise required by law or with the written consent of the Authority and the Council, the System may not be sold, mortgaged, leased or otherwise disposed of, except as a whole, or substantially as a whole, and only if the net proceeds to be realized shall be sufficient to 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 Fund, and, with the written permission of the Authority and the Council, or, in the event the Authority is no longer a Bondholder, the Issuer shall direct the Commission to apply such proceeds to the payment of principal of and interest, if any, on the Series 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, in writing, determine upon consultation with a professional engineer that such property comprising a part of the System is no longer necessary, useful or profitable in the operation

thereof and may then, if it be so advised, by resolution duly adopted, authorize such sale, lease or other disposition of such property upon public bidding in accordance with the laws of the State. The proceeds derived from any such sale, lease or other disposition of such property shall be deposited in the Renewal and Replacement Fund. Payment of such proceeds into the Renewal and Replacement Fund shall not reduce the amounts required to be paid into such fund by other provisions of this Bond Legislation.

No sale, lease or other disposition of the properties of the System shall be made by the Issuer if the proceeds to be derived therefrom, together with all other amounts received during the same Fiscal Year for such sales, leases, or other dispositions of such properties, shall be in excess of $50,000 and insufficient to pay all Bonds then Outstanding without the prior approval and consent in writing of the Holders of the Bonds then Outstanding. The Issuer shall prepare the form of such approval and consent for execution by the then Holders of the Bonds for the disposition of the proceeds of the sale, lease or other disposition of such properties of the System.

Section 7.06. Issuance of Other Obligations Payable Out of Revenues and General Covenant Against Encumbrances. Except as provided 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 Resolutions 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, except

with the prior written consent of the Authority and the Council under the conditions and in the manner herein provided (unless less restrictive than the provisions of the Prior Resolutions).

All Parity Bonds issued hereunder shall be on a parity in all respects with the Series 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 1994 Bonds and the Series 2000 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 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 foregoing limitation may be waived or modified by the written consent of the Holders of the Series 1994 Bonds and the Series 2000 Bonds, representing 75% of the then-outstanding principal indebtedness.

In the event the foregoing limitation is waived or when the Series 1994 Bonds and the Series 2000 Bonds are no longer outstanding the following parity requirement shall be met:

No Parity Bonds shall be issued at any time, however, unless there has been procured and filed with the Secretary a written statement by the Independent Certified Public Accountants, reciting the conclusion that the Net Revenues actually derived, subject to the adjustments hereinafter provided for, from the System during any 12 consecutive months, within the 18 months immediately preceding the date of the actual issuance of such Parity Bonds, plus the estimated average increased annual Net Revenues 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 (a) the improvements to be financed by such Parity Bonds and (b) any increase in rates adopted by the Issuer, the period for appeal of which has expired prior to the date of issuance of such Parity Bonds, and shall not exceed the amount to be stated in a certificate of the Independent Certified Public Accountants, which shall be filed in the office of the Secretary prior to the issuance of such Parity Bonds.

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

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

Parity Bonds shall not be deemed to include bonds, notes, certificates or other obligations subsequently issued, the lien of which on 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 any time, however, unless all the payments into the respective funds and accounts provided for in this Bond Legislation with respect to the Bonds then Outstanding, and any other payments provided for in this Bond Legislation, shall have been made in full as required to the date of delivery of such Parity Bonds, and the Issuer

shall then be in full compliance with all the covenants, agreements and terms of this Bond Legislation.

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

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

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

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

The Issuer shall file with the Council, the Authority, or any other original purchaser of the Series 2008 A Bonds, and shall mail in each year to any Holder or Holders of the Series 2008 A Bonds and the Consulting Engineer, 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 notes whether the results of tests disclosed instances of noncompliance that are required to be reported under government auditing standards and, if they are, describes the instances of noncompliance and the audited financial statements shall include a statement that notes whether the revenues of the System are adequate to meet the Issuer's Operating Expenses and debt service and reserve requirements.

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

The Issuer shall permit the Authority and the Council, or their agents and representatives, to enter and inspect the Project site and Project facilities at all reasonable times. Prior to, during and after completion of construction and commencement of operation of the Project, the Issuer shall also provide the 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 Purchaser, 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 the Series 2008 A Bonds, including the Prior Bonds; provided that, in the event amounts equal to or in excess of the reserve requirements are on deposit in the Series 2008 A Bonds Reserve Account and any reserve accounts for obligations on a parity with 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 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 and 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.

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

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

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

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

Section 7.15. Insurance and Construction Bonds. A. The Issuer hereby covenants and agrees that so long as the Series 2008 A Bonds and the Series 2008 B 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 Council and the Issuer shall verify such insurance prior to commencement of construction. In the event the Loan Agreement so requires, such insurance shall be made payable to the order of the Authority, the Issuer, the prime contractor and all subcontractors, as their interests may appear.

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

Section 7.17. Completion, 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 2008 A Bonds are outstanding.

The Issuer has obtained all permits required by State and federal laws for the acquisition and construction of the Project, all orders and approvals from the Public Service Commission of West Virginia and the Council necessary for the financing, acquisition and construction of the Project and the operation of the System and all approvals for issuance of the Series 2008 A Bonds required by State law, with all requisite appeal periods having expired without successful appeal and pursuant to Section 3.1(f) of the Loan Agreement and shall provide an opinion of counsel of 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, which statutory mortgage lien shall be on a parity with the statutory mortgage lien in favor of the Holders of the Prior 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 shall also comply with all applicable laws, rules and regulations issued by the Authority and the Council or other state, federal or local bodies in regard to the acquisition and construction of the Project and the operation, maintenance and use of the System.

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

Section 7.22. Contracts; Change Orders; Public Releases. A. The Issuer shall, simultaneously with the delivery of the Series 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, 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 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 and the Series 2008 B Bonds are Outstanding and as long thereafter as necessary to assure the exclusion of interest, if any, on the Series 2008 A Bonds and the Series 2008 B Bonds from gross income for federal income tax purposes.

Section 8.02. Certificate as to Use of Proceeds; Covenants as to Use of Proceeds. The Issuer shall deliver a certificate as to use of proceeds or other similar certificate to be prepared by nationally recognized bond counsel relating to restrictions on the use of proceeds of the Series 2008 Bonds as a condition to issuance of the Series 2008 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 Bonds as may be necessary in order to maintain the status of the Series 2008 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 2008 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 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 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 any series of 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, the Registrar or any other Paying Agent or a Holder of a Bond; or

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

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

Section 9.02. Remedies. Upon the happening and continuance of any Event of Default, any Registered Owner of a Bond may exercise any available remedy and bring any appropriate action, suit or proceeding to enforce his or her rights and, in particular, (i) bring suit for any unpaid principal or interest then due, (ii) by mandamus or other appropriate proceeding enforce all rights of such Registered Owners including the right to require the Issuer to perform its duties under the Act and the Bond Legislation relating thereto, including but not limited to the making and collection of sufficient rates or charges for services rendered by the System, (iii) bring suit upon the Series 2008 A Bonds, (iv) by action at law or bill in equity require the Issuer to account as if it were the trustee of an express trust for the Registered Owners of the Series 2008 A Bonds, and (v) by action or bill in equity enjoin any acts in violation of the Bond Legislation with respect to the Series 2008 A 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 each other and with those of the Holders of the Prior Bonds.

Section 9.03. Appointment of Receiver. Any Registered Owner of the Series 2008 A Bonds 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 the Series 2008 A Bonds shall, in addition to all other remedies or rights, have the right by appropriate legal proceedings to obtain the appointment of a receiver to administer the System or to complete the acquisition and construction of the Project on behalf of the Issuer, with power to charge rates, rentals, fees and other charges sufficient to provide for the payment of Operating Expenses of the System, the payment of the Series 2008 A Bonds and interest and the deposits into the funds and accounts hereby established, and to apply such rates, rentals, fees, charges or other revenues in conformity with the provisions of this Bond Legislation and the Act.

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

Whenever all that is due upon the Series 2008 A Bonds and interest thereon and under any covenants of this Bond Legislation for reserve, sinking or other funds and upon any other obligations and interest thereon having a charge, lien or encumbrance upon the revenues of the System shall have been paid and made good, and all defaults under the provisions of this Bond Legislation shall have been cured and made good, possession of the System shall be surrendered to the Issuer upon the entry of an order of the court to that effect. Upon any subsequent default, any Registered Owner of any Bonds shall have the same right to secure the further appointment of a receiver upon any such subsequent default.

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

Any receiver appointed as provided herein shall hold and operate the System in the name of the Issuer and for the joint protection and benefit of the Issuer and Registered Owners of the Series 2008 A Bonds. Such receiver shall have no power to sell, assign, mortgage or otherwise dispose of any assets of any kind or character belonging or pertaining to the System, but the authority of such receiver shall be limited to the completion of the

Project and the possession, operation and maintenance of the System for the sole purpose of the protection of both the Issuer and Registered Owners of such Bonds and the curing and making good of any Event of Default with respect thereto under the provisions of this Bond Legislation, and the title to and ownership of the System shall remain in the Issuer, and no court shall have any jurisdiction to enter any order or decree permitting or requiring such receiver to sell, assign, mortgage or otherwise dispose of any assets of the System.

ARTICLE X

PAYMENT OF BONDS

Section 10.01. Payment of Bonds. If the Issuer shall pay or there shall otherwise be paid to the Holders of the Series 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 Series 2008 A Bonds, required for consent to the above-permitted amendments or modifications. Notwithstanding the foregoing, this Bond Legislation may be amended without the consent of any Bondholder as may be necessary to assure compliance with Section 148(f) of the Code relating to rebate requirements or otherwise as may be necessary to assure the excludability 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. Notices. All notices to be sent to the Issuer, the Authority or the Council shall be in writing and shall be deemed to have been given when delivered in person or mailed by first class mail, postage prepaid, addressed as follows:

ISSUER:

Gilmer County Public Service District
232 West Main Street
Post Office Box 429
Glenville, West Virginia 26531
Attention: Chairman

AUTHORITY:

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

COUNCIL:

West Virginia Infrastructure Council
300 Summers Street, Suite 980
Charleston, WV 25301
Attention: Executive Director

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

Section 11.06. Conflicting Provisions Repealed; Prior Resolutions. Except for the Prior Resolutions, all orders, ordinances or resolutions, or parts thereof, in conflict with the provisions of this Resolution are to the extent of such conflict, hereby repealed; provided that, this Section shall not be applicable to the Prior Resolutions. In the event of any conflict between this Resolution and the Prior Resolutions, the Prior Resolutions shall control (unless less restrictive), so long as the Prior Bonds are outstanding.

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

Section 11.08. Effective Date. This Resolution shall take effect immediately upon adoption.

Adopted this 14th day of April, 2008.

William R. Stebnatz
Chairman

CERTIFICATION

Certified a true copy of a Resolution duly adopted by the Public Service Board of GILMER COUNTY PUBLIC SERVICE DISTRICT on the 14th day of April, 2008.

Dated: April 16, 2008.

[SEAL]

Brenda Lawson

Secretary

03.05.08
329470.00002

EXHIBIT A

Loan Agreement included in bond transcript as Documents 3.

GILMER COUNTY PUBLIC SERVICE DISTRICT

Water 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 WATER REVENUE BONDS, SERIES 2008 A (WEST VIRGINIA INFRASTRUCTURE FUND) OF GILMER COUNTY PUBLIC SERVICE DISTRICT; APPROVING AND RATIFYING THE LOAN AGREEMENT RELATING TO SUCH BONDS; AUTHORIZING AND APPROVING 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 Gilmer County Public Service District (the "Issuer") has duly and officially adopted a bond resolution, on April 14, 2008, (the "Bond Resolution" or the "Resolution"), entitled:

RESOLUTION AUTHORIZING THE ACQUISITION AND CONSTRUCTION OF CERTAIN EXTENSIONS, ADDITIONS, BETTERMENTS AND IMPROVEMENTS TO THE EXISTING PUBLIC WATERWORKS FACILITIES OF GILMER COUNTY PUBLIC SERVICE DISTRICT AND THE FINANCING OF THE COST, NOT OTHERWISE PROVIDED, THEREOF THROUGH THE ISSUANCE BY THE DISTRICT OF NOT MORE THAN $1,325,000 IN AGGREGATE PRINCIPAL AMOUNT OF WATER 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 THE 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 meanings set forth in the Bond Resolution when used herein;

WHEREAS, the Bond Resolution provides for the issuance of Water Revenue Bonds, Series 2008 A (West Virginia Infrastructure Fund) of the Issuer (, the "Bonds" or the "Series 2008 A Bonds"), in the aggregate principal amounts not to exceed $1,325,000, 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 West Virginia Water Development Authority (the "Authority"), on behalf of the West Virginia Infrastructure and Jobs Development Council (the "Council")(the "Loan Agreement"), all in accordance with Chapter 16, Article 13A, and Chapter 31, Article 15A of the West Virginia Code of 1931, as amended (collectively, the "Act"); and in the Bond Resolution it is provided that the form of the Loan Agreement and the exact principal amounts, dates, maturity dates, redemption provisions, interest rates, interest and principal payment dates, sale prices and other terms of the Bonds should be established by a supplemental resolution pertaining to the Bonds; and that other matters relating to the Bonds be herein provided for;

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

WHEREAS, the 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 entered into 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 and the sale prices 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 GILMER 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:

Water 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 $1,325,000. The Series 2008 A Bonds shall be dated the date of delivery thereof, shall finally mature March 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 March 1, 2048, and in the amounts as set forth in the "Schedule Y" attached to the Series 2008 A 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 Series 2008 A 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, ratify, approve 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 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 will 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 United Bank, Inc., Glenville, 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 $34,416 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 Bonds Construction Trust Fund as received from time to time for payment of costs of the Project, including, without limitation, costs of issuance of the Series 2008 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 Bonds hereby and by the Bond Resolution approved and provided for, to the end that the Bonds may be delivered to the Authority pursuant to the Loan Agreement on or about April 16, 2008.

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 does hereby ratify, approve and accept all contracts relating to the financing, acquisition and construction of the Project.

Section 13. 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 Sinking Funds and the Reserve Accounts for the Bonds shall be invested by the West Virginia Municipal Bond Commission in the West Virginia Consolidated Fund.

Section 14. 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 the temporary and permanent regulations promulgated thereunder or under any predecessor thereto (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 promulgated or to be promulgated thereunder.

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

[Remainder of Page Intentionally Blank]

Adopted this 14th day of April, 2008.

GILMER COUNTY PUBLIC SERVICE DISTRICT

By: William R. Stalnaker
Its: Chairman

CERTIFICATION

Certified a true copy of a Supplemental Resolution duly adopted by the Public Service Board of GILMER COUNTY PUBLIC SERVICE DISTRICT on the 14th day of April, 2008.

Dated: April 16, 2008.

[SEAL]

Secretary

03.20.08
329470.00002

SPECIMEN

UNITED STATES OF AMERICA
STATE OF WEST VIRGINIA
GILMER COUNTY PUBLIC SERVICE DISTRICT
WATER REVENUE BOND, SERIES 2008 A
(WEST VIRGINIA INFRASTRUCTURE FUND)

No. AR-1 $1,325,000

KNOW ALL MEN BY THESE PRESENTS: That on this day 16th of April, 2008, GILMER COUNTY PUBLIC SERVICE DISTRICT, a public service district, public corporation and political subdivision of the State of West Virginia in Gilmer 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 THREE HUNDRED AND TWENTY FIVE THOUSAND DOLLARS ($1,325,000), or such lesser amount as shall have been advanced to the Issuer hereunder and not previously repaid, as set forth in the "Record of Advances" attached as EXHIBIT A hereto and incorporated herein by reference, in quarterly installments on March 1, June 1, September 1 and December 1 of each year, commencing December 1, 2009, to and including March 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 April 16, 2008.

This Bond is issued (i) to pay a portion of the costs of acquisition and construction of certain extensions, additions, betterments and improvements to the existing waterworks system of the Issuer (the "Project"); and (ii) to pay certain costs of issuance for the Bonds of this Series (the "Bonds") and related costs. The existing public waterworks system of the Issuer, the Project and any further extensions, additions, betterments and improvements thereto are herein called the "System." This Bond is issued under the authority of and in full compliance with the Constitution and statutes of the State of West Virginia, including particularly Chapter 16, Article 13A and Chapter 31, Article 15A

of the West Virginia Code of 1931, as amended (collectively, the "Act"), a Bond Resolution duly adopted by the Issuer on April 14, 2008, and a Supplemental Resolution duly adopted by the Issuer on April 14, 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 RESPECTS, WITH THE ISSUER'S: (1) WATER REVENUE BONDS, SERIES 1994, DATED AUGUST 18, 1994, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $550,000 (THE "SERIES 1994 BONDS"); (2) WATER REVENUE BONDS, SERIES 2000 (UNITED STATES DEPARTMENT OF AGRICULTURE), DATED FEBRUARY 25, 2000, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $200,000 (THE "SERIES 2000 BONDS"); (3) WATER REVENUE BONDS, SERIES 2005 A (WEST VIRGINIA INFRASTRUCTURE FUND), DATED APRIL 19, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,470,000 (THE "SERIES 2005 A BONDS"); AND (4) WATER REVENUE BONDS, SERIES 2005 B (WEST VIRGINIA DWTRF PROGRAM), DATED APRIL 19, 2005, ISSUED IN THE ORIGINAL AGGREGATE PRINCIPAL AMOUNT OF $1,639,000 (THE "SERIES 2005 B BONDS"). THE SERIES 1994 BONDS, THE SERIES 2000 BONDS, THE SERIES 2005 A BONDS AND THE SERIES 2005 B BONDS ARE HEREINAFTER 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 Prior 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 the Bonds, including 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 the Bonds, including the Prior Bonds, an amount at least equal to the requirement therefor, such percentage may be reduced to 110%. The Issuer has entered into certain further covenants with the registered owners of the Bonds for the terms of which reference is made to the Bond Legislation. Remedies provided the registered owners of the Bonds are exclusively as provided in the Bond Legislation, to which reference is here made for a detailed description thereof.

Subject to the registration requirements set forth herein, this Bond is transferable, as provided in the Bond Legislation, only upon the books of The Huntington National Bank, Charleston, West Virginia (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.

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IN WITNESS WHEREOF, GILMER 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 date 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: April 16, 2008.

THE HUNTINGTON NATIONAL BANK,
as Registrar

SPECIMEN

Authorized Officer

EXHIBIT A

RECORD OF ADVANCES

	AMOUNT	DATE		AMOUNT	DATE
(1)	$154,909	April 16, 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

$1,325,000
Gilmer County Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2008	-	-	-
09/01/2008	-	-	-
12/01/2008	-	-	-
03/01/2009	-	-	-
06/01/2009	-	-	-
09/01/2009	-	-	-
12/01/2009	8,604.00	-	8,604.00
03/01/2010	8,604.00	-	8,604.00
06/01/2010	8,604.00	-	8,604.00
09/01/2010	8,604.00	-	8,604.00
12/01/2010	8,604.00	-	8,604.00
03/01/2011	8,604.00	-	8,604.00
06/01/2011	8,604.00	-	8,604.00
09/01/2011	8,604.00	-	8,604.00
12/01/2011	8,604.00	-	8,604.00
03/01/2012	8,604.00	-	8,604.00
06/01/2012	8,604.00	-	8,604.00
09/01/2012	8,604.00	-	8,604.00
12/01/2012	8,604.00	-	8,604.00
03/01/2013	8,604.00	-	8,604.00
06/01/2013	8,604.00	-	8,604.00
09/01/2013	8,604.00	-	8,604.00
12/01/2013	8,604.00	-	8,604.00
03/01/2014	8,604.00	-	8,604.00
06/01/2014	8,604.00	-	8,604.00
09/01/2014	8,604.00	-	8,604.00
12/01/2014	8,604.00	-	8,604.00
03/01/2015	8,604.00	-	8,604.00
06/01/2015	8,604.00	-	8,604.00
09/01/2015	8,604.00	-	8,604.00
12/01/2015	8,604.00	-	8,604.00
03/01/2016	8,604.00	-	8,604.00
06/01/2016	8,604.00	-	8,604.00
09/01/2016	8,604.00	-	8,604.00
12/01/2016	8,604.00	-	8,604.00
03/01/2017	8,604.00	-	8,604.00
06/01/2017	8,604.00	-	8,604.00
09/01/2017	8,604.00	-	8,604.00
12/01/2017	8,604.00	-	8,604.00
03/01/2018	8,604.00	-	8,604.00
06/01/2018	8,604.00	-	8,604.00
09/01/2018	8,604.00	-	8,604.00
12/01/2018	8,604.00	-	8,604.00
03/01/2019	8,604.00	-	8,604.00

$1,325,000
Gilmer County Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2019	8,604.00	-	8,604.00
09/01/2019	8,604.00	-	8,604.00
12/01/2019	8,604.00	-	8,604.00
03/01/2020	8,604.00	-	8,604.00
06/01/2020	8,604.00	-	8,604.00
09/01/2020	8,604.00	-	8,604.00
12/01/2020	8,604.00	-	8,604.00
03/01/2021	8,604.00	-	8,604.00
06/01/2021	8,604.00	-	8,604.00
09/01/2021	8,604.00	-	8,604.00
12/01/2021	8,604.00	-	8,604.00
03/01/2022	8,604.00	-	8,604.00
06/01/2022	8,604.00	-	8,604.00
09/01/2022	8,604.00	-	8,604.00
12/01/2022	8,604.00	-	8,604.00
03/01/2023	8,604.00	-	8,604.00
06/01/2023	8,604.00	-	8,604.00
09/01/2023	8,604.00	-	8,604.00
12/01/2023	8,604.00	-	8,604.00
03/01/2024	8,604.00	-	8,604.00
06/01/2024	8,604.00	-	8,604.00
09/01/2024	8,604.00	-	8,604.00
12/01/2024	8,604.00	-	8,604.00
03/01/2025	8,604.00	-	8,604.00
06/01/2025	8,604.00	-	8,604.00
09/01/2025	8,604.00	-	8,604.00
12/01/2025	8,604.00	-	8,604.00
03/01/2026	8,604.00	-	8,604.00
06/01/2026	8,604.00	-	8,604.00
09/01/2026	8,604.00	-	8,604.00
12/01/2026	8,604.00	-	8,604.00
03/01/2027	8,604.00	-	8,604.00
06/01/2027	8,604.00	-	8,604.00
09/01/2027	8,604.00	-	8,604.00
12/01/2027	8,604.00	-	8,604.00
03/01/2028	8,604.00	-	8,604.00
06/01/2028	8,604.00	-	8,604.00
09/01/2028	8,604.00	-	8,604.00
12/01/2028	8,604.00	-	8,604.00
03/01/2029	8,604.00	-	8,604.00
06/01/2029	8,604.00	-	8,604.00
09/01/2029	8,604.00	-	8,604.00
12/01/2029	8,604.00	-	8,604.00
03/01/2030	8,604.00	-	8,604.00

$1,325,000
Gilmer County Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2030	8,604.00	-	8,604.00
09/01/2030	8,604.00	-	8,604.00
12/01/2030	8,604.00	-	8,604.00
03/01/2031	8,604.00	-	8,604.00
06/01/2031	8,604.00	-	8,604.00
09/01/2031	8,604.00	-	8,604.00
12/01/2031	8,604.00	-	8,604.00
03/01/2032	8,604.00	-	8,604.00
06/01/2032	8,604.00	-	8,604.00
09/01/2032	8,604.00	-	8,604.00
12/01/2032	8,604.00	-	8,604.00
03/01/2033	8,604.00	-	8,604.00
06/01/2033	8,604.00	-	8,604.00
09/01/2033	8,604.00	-	8,604.00
12/01/2033	8,604.00	-	8,604.00
03/01/2034	8,604.00	-	8,604.00
06/01/2034	8,604.00	-	8,604.00
09/01/2034	8,604.00	-	8,604.00
12/01/2034	8,604.00	-	8,604.00
03/01/2035	8,604.00	-	8,604.00
06/01/2035	8,604.00	-	8,604.00
09/01/2035	8,604.00	-	8,604.00
12/01/2035	8,604.00	-	8,604.00
03/01/2036	8,604.00	-	8,604.00
06/01/2036	8,604.00	-	8,604.00
09/01/2036	8,604.00	-	8,604.00
12/01/2036	8,604.00	-	8,604.00
03/01/2037	8,604.00	-	8,604.00
06/01/2037	8,604.00	-	8,604.00
09/01/2037	8,604.00	-	8,604.00
12/01/2037	8,604.00	-	8,604.00
03/01/2038	8,604.00	-	8,604.00
06/01/2038	8,604.00	-	8,604.00
09/01/2038	8,604.00	-	8,604.00
12/01/2038	8,604.00	-	8,604.00
03/01/2039	8,604.00	-	8,604.00
06/01/2039	8,604.00	-	8,604.00
09/01/2039	8,604.00	-	8,604.00
12/01/2039	8,604.00	-	8,604.00
03/01/2040	8,604.00	-	8,604.00
06/01/2040	8,604.00	-	8,604.00
09/01/2040	8,604.00	-	8,604.00
12/01/2040	8,604.00	-	8,604.00
03/01/2041	8,604.00	-	8,604.00

$1,325,000
Gilmer County Public Service District (West Virginia)
0% Interest Rate, 40 Years from Closing Date
Closing Date: April 16, 2008

Debt Service Schedule

Date	Principal	Coupon	Total P+I
06/01/2041	8,604.00	-	8,604.00
09/01/2041	8,604.00	-	8,604.00
12/01/2041	8,604.00	-	8,604.00
03/01/2042	8,604.00	-	8,604.00
06/01/2042	8,604.00	-	8,604.00
09/01/2042	8,604.00	-	8,604.00
12/01/2042	8,604.00	-	8,604.00
03/01/2043	8,604.00	-	8,604.00
06/01/2043	8,604.00	-	8,604.00
09/01/2043	8,604.00	-	8,604.00
12/01/2043	8,604.00	-	8,604.00
03/01/2044	8,604.00	-	8,604.00
06/01/2044	8,603.00	-	8,603.00
09/01/2044	8,603.00	-	8,603.00
12/01/2044	8,603.00	-	8,603.00
03/01/2045	8,603.00	-	8,603.00
06/01/2045	8,603.00	-	8,603.00
09/01/2045	8,603.00	-	8,603.00
12/01/2045	8,603.00	-	8,603.00
03/01/2046	8,603.00	-	8,603.00
06/01/2046	8,603.00	-	8,603.00
09/01/2046	8,603.00	-	8,603.00
12/01/2046	8,603.00	-	8,603.00
03/01/2047	8,603.00	-	8,603.00
06/01/2047	8,603.00	-	8,603.00
09/01/2047	8,603.00	-	8,603.00
12/01/2047	8,603.00	-	8,603.00
03/01/2048	8,603.00	-	8,603.00
Total	**$1,325,000.00**	-	**$1,325,000.00**

Yield Statistics

Bond Year Dollars	$27,493.47
Average Life	20.750 Years
Average Coupon	-
Net Interest Cost (NIC)	-
True Interest Cost (TIC)	1.13E-10
Bond Yield for Arbitrage Purposes	1.13E-10
All Inclusive Cost (AIC)	1.13E-10

IRS Form 8038

Net Interest Cost	-
Weighted Average Maturity	20.750 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:

_____